



2004

Comprehensive Annual Financial Report

CITY OF EDINA, MINNESOTA

Comprehensive Annual Financial Report
For the fiscal year ended
December 31, 2004

Prepared by:
Department of Finance

John Wallin – Treasurer and Finance Director
Eric Roggeman – Assistant Finance Director
Paula Nelson – Accountant

CITY OF EDINA, MINNESOTA
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May 12, 2005

City of Edina

To the Honorable Mayor
and City Council
City of Edina
4801 West 50th Street
Edina, Minnesota 55424

Dear Honorable Mayor and Council Members:

Minnesota statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Edina for the fiscal year ended December 31, 2004.

This report consists of management's representations concerning the finances of the City of Edina. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Edina has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Edina's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Edina's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Edina's financial statements have been audited by MMKR & Co. P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Edina for the fiscal year ended December 31, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Edina's financial statements for the fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Edina was part of a broader, federally mandated “Single Audit” designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Edina’s separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Edina’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Edina, incorporated in 1888, is a fully developed first-ring suburb of Minneapolis. The City of Edina currently occupies a land area of 16 square miles and serves a population of 48,156. Currently, 98% of Edina is developed with 55.5% of the land attributed to residential uses, 13.1% to roadways and 11.8% supporting the park and open spaces. The remainder of the land is used for commercial, industrial and public/semi-public uses.

The City of Edina has operated under the council-manager form of government since 1955. Policy-making and legislative authority are vested in a city council consisting of the mayor and four other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city manager. The city manager is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the city government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with two council members elected every four years and the mayor and two council members elected in staggered four-year terms. The council and mayor are elected at large.

The City of Edina provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; water and sewer services and recreational activities and cultural events.

The annual budget serves as the foundation for the City of Edina’s financial planning and control. All departments and agencies of the City of Edina submit request for appropriation to the city manager in June of each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to the council for review prior to August 31. The council is required to hold public hearings

on the proposed budget and to adopt a final budget by no later than December 31, the close of the City of Edina's fiscal year.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g. police). The City Council may authorize transfers of budgeted amounts between departments. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 59 as part of the Required Supplementary Information. For governmental funds other than the general fund with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which is on page 67.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Edina operates.

Local economy. The City of Edina currently enjoys a favorable economic environment and local indicators point to continued stability. The region, while noted for a strong retail sector, enjoyed considerable re-development in recent years. The re-development consisted of varied manufacturing, medical and high-tech base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions within the government's boundaries or in close proximity include medical services, retail operations and banking services. Edina is home to over 50,000 jobs that are expected to remain stable over the coming years.

The City of Edina has become known for its quality residential housing stock and attractive neighborhoods. To date, approximately 98% of the housing stock is in place. Although the emphasis has changed over the years from exclusively single family housing to a more balanced mix of housing types, the city's concern for overall quality in residential development remains a top priority.

The City of Edina enjoys a AAA bond rating and a Aaa bond rating from Standard and Poors and Moody's respectively.

Long-term financial planning. The city continues to focus on quality of life improvements throughout the city. These efforts cover a broad array of areas including protecting and improving the environment, revitalization of parks and public areas, expanding recreational opportunities, expanding city services, and increasing communication between city representatives and the public.

The city is working closely with state government, federal government and neighboring communities to improve the area's state and county transportation network, which includes upgraded highways and well-placed pathways. Funding for most of the transportation

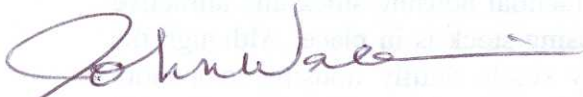
improvements will need to come from state, county and federal sources, with some minor portion supported by the local taxpayers.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, and commercial paper. The maturities of the investments range from 3 days to 29.5 years, with an average maturity of 8.8 years. The investment income return for 2004 on all investments was 1.6 percent. Investment income includes changes in the fair value of investments. Changes in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Risk management. The City contracts the services of a risk consultant. The consultant continually reviews the City's exposure to losses, writes insurance specifications, negotiates placement and renewal of coverage and reviews programs to reduce costs and improve cash flow. Insurance costs continue to rise as the City experiences increases in the miles of road, payroll and expenditures.

Acknowledgements. The preparation of this report would not have been possible without the dedicated services of the Finance Department Staff. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Edina's finances.

Respectfully submitted,

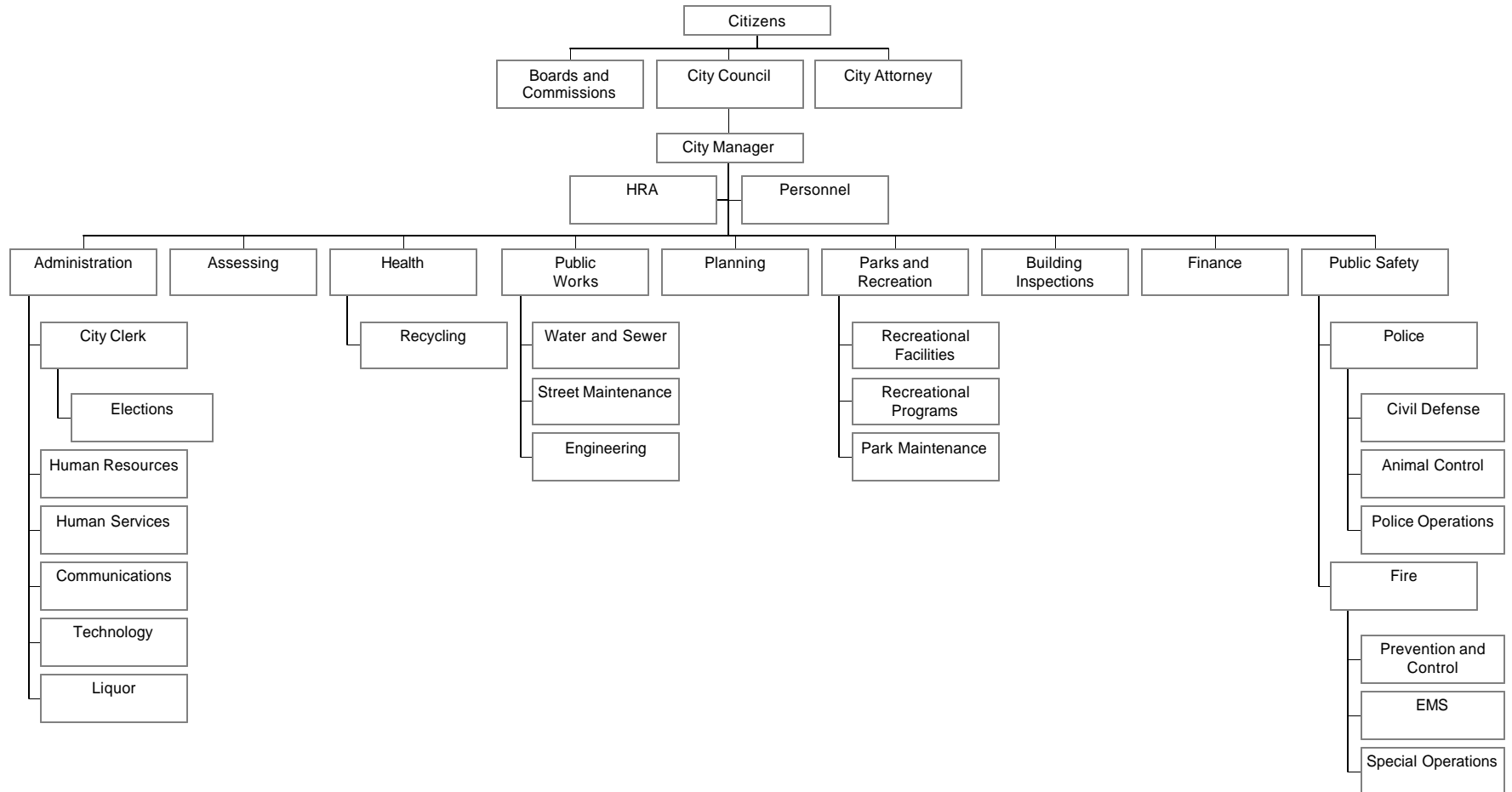
A handwritten signature in dark ink, appearing to read "John Wallin", with a long horizontal flourish extending to the right.

John Wallin
Finance Director

CITY OF EDINA, MINNESOTA
ORGANIZATION
December 31, 2004

	<u>Term Expires</u>
Mayor: James Hovland	December 31, 2008
Council Members: Scot Housh	December 31, 2006
Alice Hulbert	December 31, 2006
Linda Masica	December 31, 2008
Ann Swenson	December 31, 2008
City Manager: Gordon Hughes	Appointed
Finance Director/Treasurer: John Wallin	Appointed
City Clerk: Debra Mangen	Appointed

City of Edina



INDEPENDENT AUDITOR'S REPORT

To the City Council and Residents
City of Edina, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Edina (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 12, 2005, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

(continued)

The management's discussion and analysis and required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, supplementary financial information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and supplementary financial information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Malloy, Montague, Karnowski, Radosevich, & Co., P.A.

May 12, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Edina (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 4 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$114,403,284 (Net assets). Of this amount, \$40,696,536 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net assets increased by \$9,087,525.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,515,512. Of this total amount, \$21,989,409, or 70%, is designated or reserved through legal restrictions and City Council authorization.
- At the end of the current fiscal year the general fund balance of \$10,616,826, included \$390,771 reserved and \$10,226,055 designated. The unreserved amount represents 46% of total general fund expenditures.
- The City's total bonded debt decreased by \$7,905,000 during the current fiscal year, from \$68,740,000 to \$60,835,000. The City did not issue any new debt during 2004.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Edina's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Edina's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Management's Discussion and Analysis (Continued)

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Edina that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and parks. The business-type activities of the City of Edina include utilities, liquor, aquatic center, golf course and community activity centers.

The government-wide financial statements can be found on pages 21 through 23 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Edina, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Management's Discussion and Analysis (Continued)

The City of Edina maintains 5 individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, construction fund, Housing and Redevelopment Authority fund and the revolving fund.

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

The City of Edina adopts an annual appropriated budget for its general fund and one of its special revenue funds.

A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25 through 27 of this report.

Proprietary funds. The City of Edina maintains four major enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its utility, liquor, aquatic center and golf course operations.

Data from the other proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds are provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 28 through 31 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 32 of this report.

Management's Discussion and Analysis (Continued)

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 through 58 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental and enterprise funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 67 through 74 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Edina, assets exceeded liabilities by \$114,403,284 at the close of the most recent fiscal year.

The largest portion of the City's net assets (\$71,561,260 or 63%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Edina's Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 36,819,938	\$ 41,326,412	\$ 14,653,953	\$ 17,427,523	\$ 51,473,891	\$ 58,753,935
Capital assets	83,676,658	80,485,636	48,340,698	44,276,094	132,017,356	124,761,730
Total assets	<u>\$ 120,496,596</u>	<u>\$ 121,812,048</u>	<u>\$ 62,994,651</u>	<u>\$ 61,703,617</u>	<u>\$ 183,491,247</u>	<u>\$ 183,515,665</u>
Long-term liabilities outstanding	\$ 45,184,272	\$ 52,245,749	\$ 10,323,185	\$ 11,793,473	\$ 55,507,457	\$ 64,039,222
Other liabilities	10,084,012	11,220,391	3,496,494	2,940,293	13,580,506	14,160,684
Total liabilities	<u>\$ 55,268,284</u>	<u>\$ 63,466,140</u>	<u>\$ 13,819,679</u>	<u>\$ 14,733,766</u>	<u>\$ 69,087,963</u>	<u>\$ 78,199,906</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 34,320,784	\$ 21,792,377	\$ 37,240,476	\$ 29,952,549	\$ 71,561,260	\$ 51,744,926
Restricted	2,145,488	4,676,748	-	1,672,828	2,145,488	6,349,576
Unrestricted	28,762,040	31,876,783	11,934,496	15,344,474	40,696,536	47,221,257
Total net assets	<u>\$ 65,228,312</u>	<u>\$ 58,345,908</u>	<u>\$ 49,174,972</u>	<u>\$ 46,969,851</u>	<u>\$ 114,403,284</u>	<u>\$ 105,315,759</u>

A portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$40,696,536) may be used to meet the City's ongoing obligations to citizens and creditors.

Management's Discussion and Analysis (Continued)

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The City's net assets increased by \$9,087,525 during the current fiscal year. This increase is a combination of many surpluses and deficits, but the primary reason is that the City is generating cash sufficient to build new infrastructure and pay down current debt. This creates positive revenues but has no immediate corresponding expense under the full accrual accounting basis used for the government-wide statements.

Governmental Activities

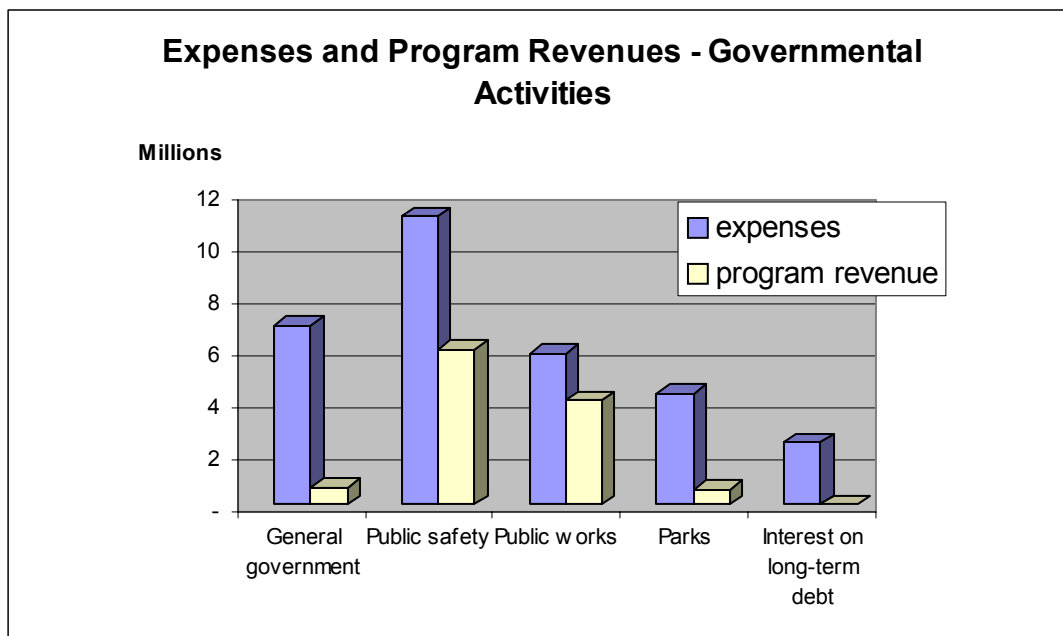
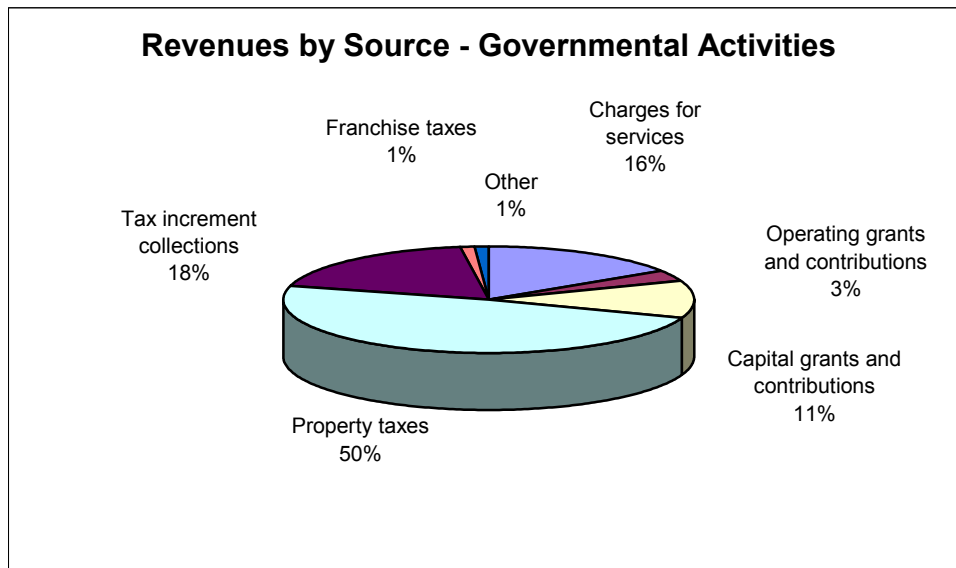
Governmental activities increased the City of Edina's net assets by \$6,882,404, accounting for 76% of the total growth in net assets. Key elements of this increase are as follows:

City of Edina's Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$ 5,837,745	\$ 6,041,613	\$ 27,461,413	\$ 26,866,762	\$ 33,299,158	\$ 32,908,375
Operating grants and contributions	1,154,808	1,215,745	138,447	132,031	1,293,255	1,347,776
Capital grants and contributions	4,192,947	7,214,393	-	-	4,192,947	7,214,393
General revenues:						
Property taxes	17,865,757	17,815,426	-	-	17,865,757	17,815,426
Other taxes	7,212,890	7,342,270	-	-	7,212,890	7,342,270
Gain on disposal of asset	-	26,669	6,490	-	6,490	26,669
Unrestricted investment earnings	443,074	286,209	227,167	387,117	670,241	673,326
Total revenues	<u>36,707,221</u>	<u>39,942,325</u>	<u>27,833,517</u>	<u>27,385,910</u>	<u>64,540,738</u>	<u>67,328,235</u>
Expenses:						
General government	6,934,045	5,839,893	-	-	6,934,045	5,839,893
Public safety	11,063,767	10,784,215	-	-	11,063,767	10,784,215
Public works	5,834,490	5,621,291	-	-	5,834,490	5,621,291
Parks	4,248,060	4,484,685	-	-	4,248,060	4,484,685
Interest on long-term debt	2,399,682	2,760,022	-	-	2,399,682	2,760,022
Utilities	-	-	7,801,580	8,107,553	7,801,580	8,107,553
Liquor	-	-	9,110,888	8,764,081	9,110,888	8,764,081
Aquatic Center	-	-	701,768	711,061	701,768	711,061
Golf course	-	-	3,508,741	3,555,243	3,508,741	3,555,243
Community Activity Centers	-	-	3,850,192	3,833,026	3,850,192	3,833,026
Total expenses	<u>30,480,044</u>	<u>29,490,106</u>	<u>24,973,169</u>	<u>24,970,964</u>	<u>55,453,213</u>	<u>54,461,070</u>
Increase in net assets before transfers	6,227,177	10,452,219	2,860,348	2,414,946	9,087,525	12,867,165
Transfers	<u>655,227</u>	<u>(4,053,805)</u>	<u>(655,227)</u>	<u>4,053,805</u>	<u>-</u>	<u>-</u>
Increase in net assets	6,882,404	6,398,414	2,205,121	6,468,751	9,087,525	12,867,165
Net assets - January 1	<u>58,345,908</u>	<u>51,947,494</u>	<u>46,969,851</u>	<u>40,501,100</u>	<u>105,315,759</u>	<u>92,448,594</u>
Net assets - December 31	<u>\$ 65,228,312</u>	<u>\$ 58,345,908</u>	<u>\$ 49,174,972</u>	<u>\$ 46,969,851</u>	<u>\$ 114,403,284</u>	<u>\$ 105,315,759</u>

Management's Discussion and Analysis (Continued)

Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:

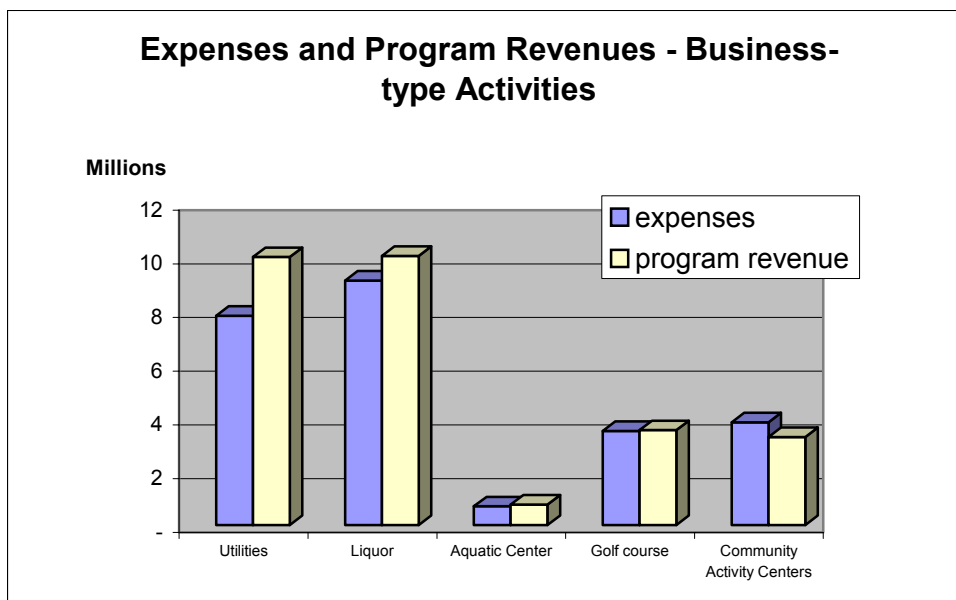
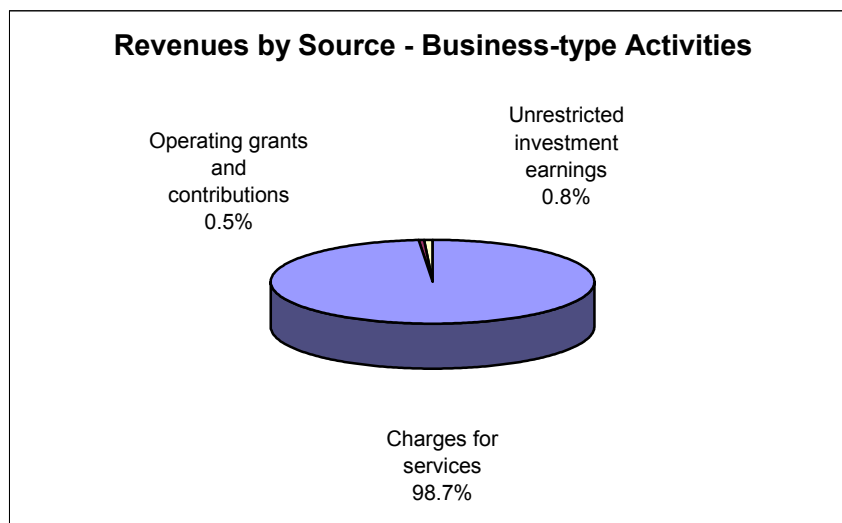


Management's Discussion and Analysis (Continued)

Business-type Activities

Business-type activities increased net assets by \$2,205,121 accounting for 24% of the City of Edina's growth in net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased 2.2% from 2003. The Community Activity Centers had the largest individual percentage increase (9.7%) in charges for services, driven by large increases at the Edinborough Park Playpark, which is the City's new indoor play area.
- Business-type activities made net transfers of \$655,227 to governmental activities during 2004 to provide cash flow for operational and capital improvement needs.



Management's Discussion and Analysis (Continued)

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Edina's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,515,512, a decrease of \$3,239,166 in comparison with the prior year. Approximately 88 percent of this total amount (\$27,659,301) constitutes unreserved fund balance. The remainder of the fund balance is reserved because it has already been committed 1) to provide for prepaid items (\$390,771), 2) to pay committed contracts (\$997,133), 3) for special projects (\$322,819), 4) to pay debt service (\$2,145,488).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$10,226,055. As a measure of the general fund's liquidity, unreserved fund balance represents 46% of total general fund expenditures.

The fund balance of the City's general fund increased by \$242,761 during the current fiscal year. Key factors in this growth are as follows:

- Total general fund revenues increased by 3.7% in the current fiscal year. One of the largest individual increases was in ambulance fee revenue, which was due to a combination of increases in number of runs and rates. Investment income also increased \$236,976 in the current fiscal year, due to better investment market conditions.
- Total general fund expenditures increased 4.3% in the current fiscal year. Some increased costs were incurred in the elections department due to the 2004 general election, and the police protection department due to increased personal services expenditures.
- A budgeted transfer of \$666,500 from the liquor fund was made to the revolving fund instead of the general fund due to the relative strength of the general fund's financial position and positive operating results.

The debt service fund has a total fund balance of \$2,145,488, all of which is reserved for the payment of debt service.

The construction fund balance increased by \$1,311,641 in 2004 as municipal state aid payments exceeded construction costs.

Management's Discussion and Analysis (Continued)

The Housing and Redevelopment Authority fund balance decreased by \$790,129 in the current fiscal year as several tax increment districts are rapidly paying down the debt that was issued. Two of the districts expire in 2009 and have the majority of the principal being paid over the next few years.

The revolving fund balance decreased by \$4,066,879 in the current fiscal year due to final construction costs of the new City Hall and Police facility.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Operating revenues and expenses in the Utilities fund both decreased slightly in 2004, despite small rate increases that are intended to help replace aging infrastructure. The City's continuing investments in infrastructure are reported as increases in net capital assets, which increased \$4,064,604 from 2003.

The liquor fund made transfers totaling \$999,500 to other funds during 2004. The majority of this amount (\$766,500) was transferred to the revolving fund, with the remainder transferred to nonmajor proprietary funds.

Budgetary Highlights

General Fund

There were no changes made to the original budget. During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital assets. The City of Edina's investment in capital assets for its governmental and business type activities as of December 31, 2004, amounted to \$132,017,356 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, vehicles and equipment.

Management's Discussion and Analysis (Continued)

City of Edina's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Land and land improvements	\$ 30,798,413	\$ 30,364,104	\$ 5,832,714	\$ 6,082,728	\$ 36,631,127	\$ 36,446,832
Buildings and improvements	29,271,125	20,035,582	34,527,992	34,500,924	63,799,117	54,536,506
Machinery and equipment	9,155,646	5,680,678	2,385,570	2,198,993	11,541,216	7,879,671
Construction in progress	14,451,474	24,405,272	5,594,422	1,493,449	20,045,896	25,898,721
Total	<u>\$ 83,676,658</u>	<u>\$ 80,485,636</u>	<u>\$ 48,340,698</u>	<u>\$ 44,276,094</u>	<u>\$ 132,017,356</u>	<u>\$ 124,761,730</u>

Major capital asset events during the current fiscal year included the following:

- Construction was completed on the new City Hall and Police facility in early 2004.
- Work continues on the 800MHZ public safety radio system; construction in progress as of the end of the year reached \$1,305,838.
- A variety of street construction, sidewalk and traffic signal projects began in 2004; construction in progress as of the close of the year reached \$12,124,167.

Additional information on the City's capital assets can be found in Note 3.

Long-term debt. At the end of the current fiscal year, the City of Edina had total bonded long-term debt outstanding of \$60,835,000, a decrease of \$7,905,000 from 2003. \$7,295,000 is for general obligation improvement debt that is supported by property tax levies. An additional \$30,760,000 of general obligation tax increment debt financed the City's economic development program. Also outstanding is \$11,595,000 public project revenue bonds which financed the new City Hall and Police facility.

There is a total of \$11,185,000 in revenue bonds for improvements to the enterprise funds.

City of Edina's Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Tax increment bonds	\$ 30,760,000	\$ 35,900,000	\$ -	\$ -	\$ 30,760,000	\$ 35,900,000
General obligation bonds	7,295,000	8,165,000	-	-	7,295,000	8,165,000
Public project revenue bonds	11,595,000	12,035,000	-	-	11,595,000	12,035,000
Revenue bonds	-	-	11,185,000	12,640,000	11,185,000	12,640,000
Total	<u>\$ 49,650,000</u>	<u>\$ 56,100,000</u>	<u>\$ 11,185,000</u>	<u>\$ 12,640,000</u>	<u>\$ 60,835,000</u>	<u>\$ 68,740,000</u>

The City maintains a Aaa rating from Moody's and a AAA rating from Standard & Poor's.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 2% of total Estimated Market Value. The current debt limitation for the City is \$160,673,598. Only \$5,153,097 of the City's outstanding debt is counted within the statutory limitation.

Management's Discussion and Analysis (Continued)

Additional information on the City's long-term debt can be found in Note 5.

Requests for information. This financial report is designed to provide a general overview of the City of Edina's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 4801 West 50th Street, Edina, Minnesota 55424.

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CITY OF EDINA, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2004

Statement 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 36,515	\$ 18,823	\$ 55,338
Investments	33,952,002	8,737,264	42,689,266
Accrued interest	87,328	44,616	131,944
Accounts receivable	538,530	2,431,937	2,970,467
Special assessments receivable	3,236,382	163,798	3,400,180
Due from other governments	508,926	7,714	516,640
Prepaid items	390,771	-	390,771
Internal balances	(2,068,691)	2,068,691	-
Inventory	-	1,148,944	1,148,944
Deferred charges	138,175	32,166	170,341
Total current assets	<u>36,819,938</u>	<u>14,653,953</u>	<u>51,473,891</u>
Noncurrent assets:			
Nondepreciable capital assets	28,758,323	6,683,387	35,441,710
Depreciable capital assets (net)	54,918,335	41,657,311	96,575,646
Total noncurrent assets	<u>83,676,658</u>	<u>48,340,698</u>	<u>132,017,356</u>
Total assets	<u>120,496,596</u>	<u>62,994,651</u>	<u>183,491,247</u>
Liabilities:			
Current liabilities:			
Accounts payable	1,574,117	1,295,271	2,869,388
Salaries payable	178,366	57,994	236,360
Accrued interest payable	980,498	184,680	1,165,178
Contracts payable	126,537	200,234	326,771
Due to other governments	21,443	123,775	145,218
Deposits payable	28,336	6,249	34,585
Taxes payable	48,267	-	48,267
Unearned revenue	1,070	57,091	58,161
Compensated absences payable	295,378	76,200	371,578
Bonds payable	6,830,000	1,495,000	8,325,000
Total current liabilities	<u>10,084,012</u>	<u>3,496,494</u>	<u>13,580,506</u>
Noncurrent liabilities:			
Compensated absences payable	2,658,398	685,797	3,344,195
Bonds payable, net of unamortized discount	<u>42,525,874</u>	<u>9,637,388</u>	<u>52,163,262</u>
Total noncurrent liabilities	<u>45,184,272</u>	<u>10,323,185</u>	<u>55,507,457</u>
Total liabilities	<u>55,268,284</u>	<u>13,819,679</u>	<u>69,087,963</u>
Net assets:			
Invested in capital assets, net of related debt	34,320,784	37,240,476	71,561,260
Restricted for debt service	2,145,488	-	2,145,488
Unrestricted	28,762,040	11,934,496	40,696,536
Total net assets	<u>\$ 65,228,312</u>	<u>\$ 49,174,972</u>	<u>\$ 114,403,284</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2004

<u>Functions/Programs</u>	<u>Expenses</u>
Primary government:	
Governmental activities:	
General government	\$ 6,934,045
Public safety	11,063,767
Public works	5,834,490
Parks	4,248,060
Interest on long-term debt	2,399,682
Total government activities	<u>30,480,044</u>
Business-type activities:	
Utilities	7,801,580
Liquor	9,110,888
Aquatic Center	701,768
Golf Course	3,508,741
Community Activity Centers	3,850,192
Total business-type activities	<u>24,973,169</u>
Total primary government	<u><u>\$ 55,453,213</u></u>

The accompanying notes are an integral part of these financial statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 454,603	\$ 142,310	\$ 50,000	\$ (6,287,132)	\$ -	\$ (6,287,132)
4,634,744	787,906	524,883	(5,116,234)	-	(5,116,234)
186,850	195,000	3,618,064	(1,834,576)	-	(1,834,576)
561,548	29,592	-	(3,656,920)	-	(3,656,920)
-	-	-	(2,399,682)	-	(2,399,682)
<u>5,837,745</u>	<u>1,154,808</u>	<u>4,192,947</u>	<u>(19,294,544)</u>	<u>-</u>	<u>(19,294,544)</u>
9,875,078	111,774	-	-	2,185,272	2,185,272
10,030,067	-	-	-	919,179	919,179
764,134	-	-	-	62,366	62,366
3,538,122	-	-	-	29,381	29,381
3,254,012	26,673	-	-	(569,507)	(569,507)
<u>27,461,413</u>	<u>138,447</u>	<u>-</u>	<u>-</u>	<u>2,626,691</u>	<u>2,626,691</u>
<u>\$ 33,299,158</u>	<u>\$ 1,293,255</u>	<u>\$ 4,192,947</u>	<u>(19,294,544)</u>	<u>2,626,691</u>	<u>(16,667,853)</u>
General revenues:					
Property taxes			17,865,757	-	17,865,757
Tax increment collections			6,761,934	-	6,761,934
Franchise taxes			450,956	-	450,956
Unrestricted investment earnings			443,074	227,167	670,241
Gain on disposal of capital assets			-	6,490	6,490
Transfers			655,227	(655,227)	-
Total general revenues and transfers			<u>26,176,948</u>	<u>(421,570)</u>	<u>25,755,378</u>
Change in net assets			6,882,404	2,205,121	9,087,525
Net assets - beginning			<u>58,345,908</u>	<u>46,969,851</u>	<u>105,315,759</u>
Net assets - ending			<u>\$ 65,228,312</u>	<u>\$ 49,174,972</u>	<u>\$ 114,403,284</u>

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CITY OF EDINA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

Statement 3

	General	Debt Service	Construction	Housing & Redevelopment Authority	Revolving	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 8,147	\$ 23,104	\$ -	\$ 5,264	\$ -	\$ -	\$ 36,515
Investments - unrestricted	10,009,717	1,496,627	-	12,929,578	8,900,992	615,088	33,952,002
Accounts receivable	405,613	-	-	13,800	2,293	116,824	538,530
Accrued interest	-	-	-	59,804	22,305	5,219	87,328
Special assessments receivable	-	-	-	-	3,236,382	-	3,236,382
Due from other funds	704,449	622,172	-	4,382	-	73,004	1,404,007
Due from other governments	169,484	3,585	-	42,784	287,305	5,768	508,926
Prepaid items	390,771	-	-	-	-	-	390,771
Total assets	<u>\$ 11,688,181</u>	<u>\$ 2,145,488</u>	<u>\$ -</u>	<u>\$ 13,055,612</u>	<u>\$ 12,449,277</u>	<u>\$ 815,903</u>	<u>\$ 40,154,461</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 672,895	\$ -	\$ 45,411	\$ 611,395	\$ 216,410	\$ 28,006	\$ 1,574,117
Salaries payable	177,038	-	-	-	408	920	178,366
Contracts payable	-	-	58,298	-	68,239	-	126,537
Due to other funds	204,382	-	2,594,835	-	669,032	4,449	3,472,698
Due to other governments	7,040	-	-	14,403	-	-	21,443
Deposits payable	10,000	-	12,925	-	5,411	-	28,336
Taxes payable	-	-	-	-	48,267	-	48,267
Deferred revenue	-	-	-	-	3,188,115	1,070	3,189,185
Total liabilities	<u>1,071,355</u>	<u>-</u>	<u>2,711,469</u>	<u>625,798</u>	<u>4,195,882</u>	<u>34,445</u>	<u>8,638,949</u>
Fund balance (deficit):							
Reserved for:							
Prepaid items	390,771	-	-	-	-	-	390,771
Encumbrances	-	-	973,700	-	23,433	-	997,133
Special projects	-	-	-	-	322,819	-	322,819
Debt service	-	2,145,488	-	-	-	-	2,145,488
Unreserved:							
Designated, reported in:							
General Fund	10,226,055	-	-	-	-	-	10,226,055
Capital Project Funds	-	-	-	-	7,907,143	-	7,907,143
Undesignated, reported in:							
Special Revenue Funds	-	-	-	-	-	781,458	781,458
Capital Project Funds	-	-	(3,685,169)	12,429,814	-	-	8,744,645
Total fund balance (deficit)	<u>10,616,826</u>	<u>2,145,488</u>	<u>(2,711,469)</u>	<u>12,429,814</u>	<u>8,253,395</u>	<u>781,458</u>	<u>31,515,512</u>
Total liabilities and fund balances	<u>\$ 11,688,181</u>	<u>\$ 2,145,488</u>	<u>\$ -</u>	<u>\$ 13,055,612</u>	<u>\$ 12,449,277</u>	<u>\$ 815,903</u>	<u>\$ 40,154,461</u>
Fund balance reported above							\$ 31,515,512
Amounts reported for governmental activities in the statement of net assets are different because:							
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds							83,676,658
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds							3,188,115
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.							(53,151,973)
Net assets of governmental activities							<u>\$ 65,228,312</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2004

Statement 4

	General	Debt Service	Construction	Housing & Redevelopment Authority	Revolving	Other Governmental Funds	Total Governmental Funds
Revenues:							
General property taxes	\$ 15,635,440	\$ 2,230,317	\$ -	\$ -	\$ -	\$ -	\$ 17,865,757
Tax increment collections	-	-	-	6,761,934	-	-	6,761,934
Special assessments	-	-	-	-	966,879	-	966,879
Franchise fees	-	-	-	-	-	450,956	450,956
License and permits	2,247,759	-	-	-	-	-	2,247,759
Intergovernmental	960,000	-	2,319,647	-	524,883	129,010	3,933,540
Charges for services	2,227,955	-	-	-	51,347	-	2,279,302
Fines and forfeitures	863,073	-	-	-	-	-	863,073
Investment income	80,223	6,653	-	157,986	177,960	20,252	443,074
Sale and rental of property	385,007	-	-	-	700	-	385,707
Other revenues	124,671	-	-	23	135,538	33,904	294,136
Total revenues	<u>22,524,128</u>	<u>2,236,970</u>	<u>2,319,647</u>	<u>6,919,943</u>	<u>1,857,307</u>	<u>634,122</u>	<u>36,492,117</u>
Expenditures:							
Current:							
General government	3,606,498	-	-	1,049,696	17,834	539,441	5,213,469
Public safety	10,840,514	-	-	-	284,874	-	11,125,388
Public works	4,230,332	-	-	-	156,337	-	4,386,669
Parks	2,853,092	-	-	-	101,280	-	2,954,372
Capital outlay:							
General government	21,058	-	-	-	3,333,909	-	3,354,967
Public safety	215,643	-	-	-	945,626	-	1,161,269
Public works	475,685	-	1,848,725	-	398,795	-	2,723,205
Parks	38,545	-	-	-	494,335	-	532,880
Debt service:							
Bond principal	-	6,450,000	-	-	-	-	6,450,000
Interest and fiscal charges	-	2,478,587	-	-	5,704	-	2,484,291
Total expenditures	<u>22,281,367</u>	<u>8,928,587</u>	<u>1,848,725</u>	<u>1,049,696</u>	<u>5,738,694</u>	<u>539,441</u>	<u>40,386,510</u>
Revenues over (under) expenditures	<u>242,761</u>	<u>(6,691,617)</u>	<u>470,922</u>	<u>5,870,247</u>	<u>(3,881,387)</u>	<u>94,681</u>	<u>(3,894,393)</u>
Other financing sources (uses):							
Transfers in	-	6,660,376	840,719	-	866,500	-	8,367,595
Transfers out	-	-	-	(6,660,376)	(1,051,992)	-	(7,712,368)
Total other financing sources (uses)	<u>-</u>	<u>6,660,376</u>	<u>840,719</u>	<u>(6,660,376)</u>	<u>(185,492)</u>	<u>-</u>	<u>655,227</u>
Net increase (decrease) in fund balance	242,761	(31,241)	1,311,641	(790,129)	(4,066,879)	94,681	(3,239,166)
Fund balance (deficit) - January 1	<u>10,374,065</u>	<u>2,176,729</u>	<u>(4,023,110)</u>	<u>13,219,943</u>	<u>12,320,274</u>	<u>686,777</u>	<u>34,754,678</u>
Fund balance (deficit) - December 31	<u>\$ 10,616,826</u>	<u>\$ 2,145,488</u>	<u>\$ (2,711,469)</u>	<u>\$ 12,429,814</u>	<u>\$ 8,253,395</u>	<u>\$ 781,458</u>	<u>\$ 31,515,512</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2004****Statement 5**

Amounts reported for governmental activities in the
statement of activities (page 22-23) are different because:

Net changes in fund balances - total governmental funds (page 26) \$ (3,239,166)

Governmental funds report capital outlays as expenditures. However,
in the statement of activities the cost of those assets is allocated
over their estimated useful lives and reported as depreciation expense.
This is the amount by which capital outlays exceeded depreciation
in the current period. 3,381,376

The effect of disposals of capital assets is to decrease net assets (190,354)

Revenues in the statement of activities that do not provide current
financial resources (property tax and special assessment receivables)
are not reported as revenues in the funds. 331,538

The issuance of long-term debt (e.g., bonds, leases) provides current
financial resources to governmental funds, while the repayment of the
principal of long-term debt consumes the current financial resources
of governmental funds. Neither transaction, however, has any effect
on net assets. This amount is the net effect of these differences in the
treatment of long-term debt and related items. 6,636,735

Some expenses reported in the statement of activities do not require the
use of current financial resources (accrued interest and compensated
absences payables) and, therefore, are not reported as expenditures
in governmental funds. (37,725)

Change in net assets of governmental activities (page 23) \$ 6,882,404

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2004

Statement 6

	Business-type Activities - Enterprise Funds					
	Utilities	Liquor	Aquatic Center	Golf Course	Other Enterprise Funds	Total
Assets:						
Current assets:						
Cash and cash equivalents	\$ 1,993	\$ 5,543	\$ -	\$ -	\$ 11,287	\$ 18,823
Investments	4,078,874	-	-	-	4,658,390	8,737,264
Accounts receivable:						
Accounts	-	1,710	-	80	136,137	137,927
Customers	2,294,010	-	-	-	-	2,294,010
Interest	5,087	-	-	-	39,529	44,616
Special assessments	163,798	-	-	-	-	163,798
Net accounts receivable	2,462,895	1,710	-	80	175,666	2,640,351
Due from other funds	1,115,000	680,000	644,477	-	-	2,439,477
Due from other governments	7,714	-	-	-	-	7,714
Inventory	15,506	1,100,953	-	15,517	16,968	1,148,944
Total current assets	7,681,982	1,788,206	644,477	15,597	4,862,311	14,992,573
Noncurrent assets:						
Deferred charges	15,182	-	4,246	7,813	4,925	32,166
Net capital assets	33,311,362	1,495,150	2,513,617	6,420,127	4,600,442	48,340,698
Total noncurrent assets	33,326,544	1,495,150	2,517,863	6,427,940	4,605,367	48,372,864
Total assets	41,008,526	3,283,356	3,162,340	6,443,537	9,467,678	63,365,437
Liabilities:						
Current liabilities:						
Accounts payable	863,968	292,975	25,400	30,938	81,990	1,295,271
Salaries payable	12,241	14,764	339	13,330	17,320	57,994
Accrued interest payable	65,182	-	27,916	77,287	14,295	184,680
Contracts payable	189,960	-	4,542	-	5,732	200,234
Due to other funds	-	-	-	370,786	-	370,786
Due to other governments	2,477	109,962	61	5,272	6,003	123,775
Compensated absences payable	17,652	13,632	-	21,362	23,554	76,200
Deposits payable	-	-	-	6,249	-	6,249
Deferred revenue	-	2,857	-	2,434	51,800	57,091
Bonds payable - current	645,000	-	95,000	560,000	195,000	1,495,000
Total current liabilities	1,796,480	434,190	153,258	1,087,658	395,694	3,867,280
Noncurrent liabilities:						
Bonds payable, net of unamortized discounts	4,192,355	-	1,292,194	3,311,896	840,943	9,637,388
Compensated absences payable	158,863	122,687	-	192,254	211,993	685,797
Total noncurrent liabilities	4,351,218	122,687	1,292,194	3,504,150	1,052,936	10,323,185
Total liabilities	6,147,698	556,877	1,445,452	4,591,808	1,448,630	14,190,465
Net assets:						
Invested in capital assets, net of related debt	28,489,189	1,495,150	1,130,669	2,556,044	3,569,424	37,240,476
Unrestricted	6,371,639	1,231,329	586,219	(704,315)	4,449,624	11,934,496
Total net assets	\$34,860,828	\$ 2,726,479	\$ 1,716,888	\$ 1,851,729	\$ 8,019,048	\$49,174,972

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2004

Statement 7

	Business-type Activities - Enterprise Funds					
	Utilities	Liquor	Aquatic Center	Golf Course	Other Enterprise Funds	Total
Operating revenues:						
Sales - liquor	\$ -	\$ 10,030,067	\$ -	\$ -	\$ -	\$ 10,030,067
Sales - retail	-	-	2,800	229,619	89,457	321,876
Sales - utilities	9,302,019	-	-	-	-	9,302,019
Sales - concessions	-	-	101,017	289,929	28,328	419,274
Memberships	-	-	439,393	124,906	93,825	658,124
Admissions	-	-	196,881	291,387	463,143	951,411
Building rental	-	-	21,770	71,549	1,332,995	1,426,314
Rental of equipment	-	-	-	340,930	72,643	413,573
Greens fees	-	-	-	1,808,340	180,530	1,988,870
Other fees	171,336	-	2,273	380,962	993,091	1,547,662
Total operating revenues	9,473,355	10,030,067	764,134	3,537,622	3,254,012	27,059,190
Operating expenses:						
Cost of sales and services	14,518	7,438,628	27,703	304,140	39,847	7,824,836
Personal services	1,230,128	1,059,886	234,765	1,661,162	1,778,090	5,964,031
Contractual services	4,304,985	333,992	121,344	436,887	1,129,550	6,326,758
Commodities	608,640	51,199	49,207	345,510	270,037	1,324,593
Central Services	360,617	154,574	25,542	122,664	149,666	813,063
Depreciation	1,118,097	72,609	185,692	476,592	429,763	2,282,753
Total operating expenses	7,636,985	9,110,888	644,253	3,346,955	3,796,953	24,536,034
Operating income (loss)	1,836,370	919,179	119,881	190,667	(542,941)	2,523,156
Nonoperating revenues (expenses):						
Intergovernmental	111,774	-	-	-	-	111,774
Investment income	69,179	-	-	-	157,988	227,167
Donations	-	-	-	-	26,673	26,673
Miscellaneous	401,723	-	-	500	-	402,223
Interest and fiscal charges	(158,451)	-	(56,410)	(156,219)	(28,758)	(399,838)
Interest on capital lease	-	-	-	(77)	(893)	(970)
Gain (loss) on sale of capital asset	827	-	-	5,663	(21,342)	(14,852)
Amortization of bond discount	(6,144)	-	(1,105)	(5,490)	(2,246)	(14,985)
Total nonoperating revenues (expenses)	418,908	-	(57,515)	(155,623)	131,422	337,192
Income (loss) before transfers	2,255,278	919,179	62,366	35,044	(411,519)	2,860,348
Transfers:						
Transfers in	13,843	-	-	-	430,430	444,273
Transfers out	(100,000)	(999,500)	-	-	-	(1,099,500)
Total transfers	(86,157)	(999,500)	-	-	430,430	(655,227)
Change in net assets	2,169,121	(80,321)	62,366	35,044	18,911	2,205,121
Net assets - January 1	32,691,707	2,806,800	1,654,522	1,816,685	8,000,137	46,969,851
Net assets - December 31	\$ 34,860,828	\$ 2,726,479	\$ 1,716,888	\$ 1,851,729	\$ 8,019,048	\$ 49,174,972

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2004

Statement 8

	Utilities	Liquor	Aquatic Center	Golf Course	Other Enterprise Funds	Total
Cash flows from operating activities:						
Receipts from customers and users	\$9,017,530	\$10,043,443	\$ 703,442	\$3,533,388	\$3,237,506	\$26,535,309
Payment to suppliers	(4,552,583)	(7,923,496)	(194,365)	(984,512)	(1,612,144)	(15,267,100)
Payment to employees	(1,257,810)	(1,078,996)	(234,426)	(1,672,091)	(1,834,087)	(6,077,410)
Net cash provided by (used in) operating activities	<u>3,207,137</u>	<u>1,040,951</u>	<u>274,651</u>	<u>876,785</u>	<u>(208,725)</u>	<u>5,190,799</u>
Cash flows from noncapital financing activities:						
State grant	111,774	-	-	-	-	111,774
Miscellaneous revenue	401,723	-	-	500	-	402,223
Transfer (to) from Enterprise Funds	-	(233,000)	-	-	233,000	-
Transfer (to) from Capital Project Funds	(86,157)	(766,500)	-	-	197,430	(655,227)
Donations	-	-	-	-	26,673	26,673
Net cash provided by (used in) noncapital financing activities	<u>427,340</u>	<u>(999,500)</u>	<u>-</u>	<u>500</u>	<u>457,103</u>	<u>(114,557)</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(6,918,329)	(40,348)	(121,781)	(500,536)	(219,791)	(7,800,785)
Sale of capital assets	1,107,208	-	-	330,925	-	1,438,133
Principal paid on bonds	(635,000)	-	(95,000)	(545,000)	(180,000)	(1,455,000)
Principal paid on capital lease	-	-	-	(2,800)	(32,200)	(35,000)
Interest paid on bonds	(165,215)	-	(57,870)	(164,510)	(30,933)	(418,528)
Interest paid on capital lease	-	-	-	(77)	(893)	(970)
Net cash provided by (used in) capital and related financing activities	<u>(6,611,336)</u>	<u>(40,348)</u>	<u>(274,651)</u>	<u>(881,998)</u>	<u>(463,817)</u>	<u>(8,272,150)</u>
Cash flows from investing activities:						
Proceeds from sales of investments	2,905,928	-	-	-	59,331	2,965,259
Investment income	72,924	-	-	-	160,668	233,592
Net cash flows provided by (used in) investing activities	<u>2,978,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,999</u>	<u>3,198,851</u>
Net increase (decrease) in cash and cash equivalents	1,993	1,103	-	(4,713)	4,560	2,943
Cash and cash equivalents - January 1	-	4,440	-	4,713	6,727	15,880
Cash and cash equivalents - December 31	<u>\$ 1,993</u>	<u>\$ 5,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,287</u>	<u>\$ 18,823</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2004

Statement 8

	Utilities	Liquor	Aquatic Center	Golf Course	Other Enterprise Funds	Total
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	<u>\$1,836,370</u>	<u>\$ 919,179</u>	<u>\$ 119,881</u>	<u>\$ 190,667</u>	<u>\$ (542,941)</u>	<u>\$ 2,523,156</u>
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:						
Depreciation	1,118,097	72,609	185,692	476,592	429,763	2,282,753
Changes in assets and liabilities:						
Decrease (increase) in receivables	238,812	(210)	-	7,293	(2,368)	243,527
Decrease (increase) in special assessments	(33,345)	-	-	-	-	(33,345)
Decrease (increase) in due from other funds	(660,510)	12,955	(60,692)	-	1,291	(706,956)
Decrease (increase) in due from governments	(782)	-	-	-	-	(782)
Decrease (increase) in inventory	50,957	(52,171)	-	1,513	894	1,193
Increase (decrease) in accounts payable	667,870	104,990	24,920	(105,372)	12,219	704,627
Increase (decrease) in salaries payable	(37,109)	(36,410)	339	(32,203)	(55,297)	(160,680)
Increase (decrease) in contracts payable	146,178	-	4,542	(12,530)	5,732	143,922
Increase (decrease) in due to other funds	-	-	-	338,702	(42,644)	296,058
Increase (decrease) in due to other governments	(34,793)	2,078	(31)	49	(536)	(33,233)
Increase (decrease) in compensated absences	9,427	17,300	-	21,274	(700)	47,301
Increase (decrease) in deposits	(94,035)	-	-	2,327	-	(91,708)
Increase (decrease) in deferred revenue	-	631	-	(11,527)	(14,138)	(25,034)
Total adjustments	<u>1,370,767</u>	<u>121,772</u>	<u>154,770</u>	<u>686,118</u>	<u>334,216</u>	<u>2,667,643</u>
Net cash provided by (used in) operating activities	<u>\$3,207,137</u>	<u>\$ 1,040,951</u>	<u>\$ 274,651</u>	<u>\$ 876,785</u>	<u>\$ (208,725)</u>	<u>\$ 5,190,799</u>
Noncash investing, capital and financing activities:						
Increase (decrease) in fair value of investments	<u>\$ 5,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,338)</u>	<u>\$ (35,434)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
December 31, 2004

Statement 9

	<u>Agency Funds</u>
Assets	
Cash	\$ 262,786
Investments	40,000
Due from other governmental units	<u>172,006</u>
Total assets	<u><u>\$ 474,792</u></u>
Liabilities	
Accounts payable	\$ 17,993
Salaries payable	817
Contracts payable	33,945
Due to other governmental units	<u>422,037</u>
Total liabilities	<u><u>\$ 474,792</u></u>

The accompanying notes are an integral part of these financial statements.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Edina (the City) was incorporated in 1888 and operates under the State of Minnesota Statutory Plan B form of government. The governing body consists of a five-member City Council elected by voters of the City.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of significant accounting policies.

A. FINANCIAL REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" the City's financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government is financially accountable for the component unit if it appoints a voting majority of the component unit's governing body and is able to impose its will on the component unit or there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Edina (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

COMPONENT UNITS

In conformity with generally accepted accounting principles, the financial statements of the component unit have been included in the financial reporting entity as a blended component unit.

The Housing and Redevelopment Authority (HRA) is an entity legally separate from the City. However, for financial reporting purposes, the HRA is reported as if it were part of the City's operations because the members of the City Council serve as HRA board members and its activity is confined to the City of Edina. The activity of the HRA is reported in the Capital Projects Funds. Separate financial statements are not prepared for the HRA.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental and enterprise funds is reported in a single column in the fund financial statements

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, special assessments, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants and similar items are recognized only when all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the payment of principal and interest on the General Obligation Redevelopment, General Obligation Park Improvements and Tax Increment Bonds.

The capital projects *construction fund* accounts for the various special assessment and state aid projects throughout the City.

The capital projects *Housing and Redevelopment Authority of Edina fund* is used to account for revenues from several sources (property taxes, bond proceeds, investment earnings, etc.) that are designated for housing and redevelopment.

The capital projects *revolving fund* was established to provide financing for capital improvements as designated in the City's capital improvement budget.

The City reports the following major proprietary funds:

The *utility fund* accounts for the provision of water, sewer and recycling services to the City's residents.

The *liquor fund* accounts for the operation of the City's three liquor stores.

The *aquatic center fund* accounts for the operation of the City's aquatic center.

The *golf course fund* accounts for the operation of the City's three golf courses and a golf dome.

Additionally, the City reports the following fund type:

Agency - the *police seizure and Public Safety Training Facility funds* account for fees collected for other government agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City of Edina. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities, liquor, aquatic center, golf course, arena, art center and Edinborough Park/Centennial Lake enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for an allowable use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. CASH AND INVESTMENTS

The City's cash and cash equivalents are considered to be cash on hand.

Cash balances from all funds are pooled together and invested to the maximum extent at favorable rates. This also allows certain funds to generate a temporary cash overdraft. Interest earned is allocated as determined by the Investment Advisory Committee.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

The City reports its investments at fair value based on quoted market prices. Changes in fair value of securities in the City's investment portfolio are recorded as a net increase in fair value of investments in the City's fund financial statements and within general revenues in the government-wide financial statements.

E. RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as “due to/from other funds.” All short-term interfund receivables and payables at December 31, 2004 are planned to be eliminated in 2005. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Property taxes and special assessments receivables have been reported net of estimated uncollectible accounts. Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

F. REVENUE RECOGNITION

1. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at the year end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January are fully offset by deferred revenue because they are not available to finance current expenditures.

2. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred revenues.

G. INVENTORIES, PREPAID ITEMS AND DEFERRED CHARGES

Inventories of the Proprietary Funds are stated at cost and are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Deferred charges represent deferred issuance costs.

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment and parks, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are also reported in the proprietary fund financial statements but not in the governmental fund financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Life</u>
Golf course	10 - 35 years
Land improvements	20 – 50 years
Buildings and structures	20 - 40 years
Furniture and office equipment	5 - 10 years
Vehicles and equipment	3 - 20 years
Parks	5 - 100 years
Distribution system	50 years
Collection system	10 - 50 years
Storm sewers	50 years
Wells	7 - 30 years

I. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay. According to City policy, vested sick leave benefits are liquidated into a health care savings plan upon separation.

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

M. NET ASSETS

Net assets represent the difference between assets and liabilities in the government-wide and proprietary fund financial statements. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

N. USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

O. JOINT VENTURES

The City's investment in joint venture is reported in the statement of net assets as governmental activities capital assets and is equal to the City's interest in the net assets of the joint venture. The City's interest is based on the allocation in the joint powers agreement.

P. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds payable	\$ 49,650,000
Plus: issuance premium	30,780
Less: issuance discount	(324,906)
Less: deferred charge for issuance costs	(138,175)
Accrued interest payable	980,498
Compensated absences	<u>2,953,776</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ 53,151,973</u></u>

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 6,462,099
Depreciation expense	<u>(3,080,723)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,381,376</u>

Another element of that reconciliation states that “The net effect of disposals of capital assets is to decrease net assets.” The details of this difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold	\$ 116,433
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The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on a disposal of capital assets	<u>73,921</u>
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Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 190,354</u>
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CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this difference are as follows:

Principal repayments:	
General obligation debt	\$ 6,450,000
Leases payable	229,585
Deferred charges	<u>(42,850)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 6,636,735</u>

Note 2 DEPOSITS AND INVESTMENTS

DEPOSITS

The City maintains deposits at various financial institutions. Deposits are carried at cost plus accrued interest. Minnesota Statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged). At December 31, 2004, the City had no deposits that were uninsured or uncollateralized. The deposits were insured or collateralized by securities held by the City’s agent in the City’s name.

Authorized collateral includes the legal investments described below, as well as certain first mortgage notes, and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral.

Balances at December 31, 2004, including Agency Funds of \$262,786, are as follows:

	Carrying Amount	Bank Balance
Checking accounts	\$ 50,291	\$ 793,600
Cash on hand	16,185	-
Cash with trustee	251,648	251,648
	<u>\$ 318,124</u>	<u>\$ 1,045,248</u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies;
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above;
- c) General obligations of the State of Minnesota or any of its municipalities;
- d) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System;
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less;
- f) Guaranteed investment contracts issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies or their subsidiaries;
- g) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York or certain Minnesota securities broker-dealers; and
- h) Futures contracts sold under authority of Minnesota Statutes 471.56, subdivision 5.

The City's investments are categorized in the following manner:

Category 1 – includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name.

The investment balances, including Agency Funds of \$40,000, at December 31, 2004 were as follows:

<u>Securities Type</u>	<u>Credit Risk Category 1</u>	<u>Fair Value</u>
Commercial paper	\$ 23,395,872	\$ 23,395,872
Certificates of deposit	662,444	662,444
Government securities:		
United States Treasury Notes	1,568,485	1,568,485
Federal National Mortgage Association	6,497,152	6,497,152
Government National Mortgage Association	126,663	126,663
Federal Home Loan Mortgage Corporation	2,536,740	2,536,740
Federal Home Loan Bank	2,479,329	2,479,329
SBA pool	964,915	964,915
Municipal bonds	1,400,000	1,400,000
	<u>\$ 39,631,600</u>	<u>39,631,600</u>
Investments not subject to categorization:		
Money market investments		<u>3,097,666</u>
Total investments		<u><u>\$ 42,729,266</u></u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

Note 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,849,474	\$ 1,004,910	\$ -	\$ 12,854,384
Investment in joint venture	1,452,465	-	-	1,452,465
Construction in progress	24,405,272	6,197,277	(16,151,075)	14,451,474
Total capital assets not being depreciated	37,707,211	7,202,187	(16,151,075)	28,758,323
Capital assets being depreciated:				
Land improvements	28,412,076	437,172	-	28,849,248
Buildings and structures	19,030,966	10,134,801	(687,187)	28,478,580
Furniture and office equipment	617,241	3,860,802	(60,164)	4,417,879
Vehicles and equipment	10,362,763	766,376	(606,822)	10,522,317
Parks	10,572,827	211,836	(5,988)	10,778,675
Total capital assets being depreciated	68,995,873	15,410,987	(1,360,161)	83,046,699
Less accumulated depreciation for:				
Land improvements	(9,897,446)	(1,007,773)	-	(10,905,219)
Buildings and structures	(6,714,130)	(616,964)	589,333	(6,741,761)
Furniture and office equipment	(458,794)	(172,672)	38,680	(592,786)
Vehicles and equipment	(4,840,532)	(887,238)	536,006	(5,191,764)
Parks	(4,306,546)	(396,076)	5,788	(4,696,834)
Total accumulated depreciation	(26,217,448)	(3,080,723)	1,169,807	(28,128,364)
Total capital assets being depreciated, net	42,778,425	12,330,264	(190,354)	54,918,335
Governmental activities capital assets, net	\$ 80,485,636	\$ 19,532,451	\$ (16,341,429)	\$ 83,676,658

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* permits a phase-in period for reporting major infrastructure assets retroactively through the City’s fiscal year ending December 31, 2006. The costs of certain infrastructure asset networks incurred prior to January 1, 2002, primarily streets, sidewalks, traffic signals and street lighting systems have not been capitalized. Estimated historical cost data for these networks has not yet been compiled; when this process has been finalized, the City will capitalize retroactively those costs associated with each network categorized as major, before the end of the phase-in period.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,088,965	\$ -	\$ -	\$ 1,088,965
Construction in progress	1,493,449	5,524,700	(1,423,727)	5,594,422
Total capital assets not being depreciated	<u>2,582,414</u>	<u>5,524,700</u>	<u>(1,423,727)</u>	<u>6,683,387</u>
Capital assets being depreciated:				
Golf course	4,615,307	-	-	4,615,307
Land improvements	3,249,771	35,776	-	3,285,547
Buildings and structures	15,280,597	422,670	(107,386)	15,595,881
Furniture and office equipment	79,197	70,239	-	149,436
Vehicles and equipment	4,364,579	474,105	(170,257)	4,668,427
Distribution & collection system	32,524,634	390,391	-	32,915,025
Storm sewers	12,528,942	467,721	-	12,996,663
Wells	1,963,991	415,184	-	2,379,175
Lease property capital lease	468,580	-	-	468,580
Total capital assets being depreciated	<u>75,075,598</u>	<u>2,276,086</u>	<u>(277,643)</u>	<u>77,074,041</u>
Less accumulated depreciation for:				
Golf course	(1,399,286)	(152,738)	-	(1,552,024)
Land improvements	(1,472,029)	(133,052)	-	(1,605,081)
Buildings and structures	(6,837,448)	(643,860)	92,258	(7,389,050)
Furniture and office equipment	(49,408)	(15,180)	-	(64,588)
Vehicles and equipment	(2,195,375)	(328,013)	155,683	(2,367,705)
Distribution & collection system	(14,762,690)	(666,640)	-	(15,429,330)
Storm sewers	(5,213,204)	(255,310)	-	(5,468,514)
Wells	(999,489)	(72,369)	-	(1,071,858)
Lease property capital lease	(452,989)	(15,591)	-	(468,580)
Total accumulated depreciation	<u>(33,381,918)</u>	<u>(2,282,753)</u>	<u>247,941</u>	<u>(35,416,730)</u>
Total capital assets being depreciated, net	<u>41,693,680</u>	<u>(6,667)</u>	<u>(29,702)</u>	<u>41,657,311</u>
Business-type activities capital assets, net	<u>\$ 44,276,094</u>	<u>\$ 5,518,033</u>	<u>\$ (1,453,429)</u>	<u>\$ 48,340,698</u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 278,383
Public safety	393,820
Public works	910,583
Parks	1,497,937
Total depreciation expense - governmental activities	<u>\$ 3,080,723</u>
Business-type activities:	
Utilities	\$ 1,118,097
Liquor	72,609
Aquatic Center	185,692
Golf Course	476,592
Arena	317,575
Art Center	27,960
Edinborough Park/Centennial Lakes	84,228
Total depreciation expense - business-type activities	<u>\$ 2,282,753</u>

CONSTRUCTION COMMITMENTS

At December 31, 2004, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

<u>Project #</u>	<u>Project Description</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
04-4 ENG	Street Reconstruction	\$ 1,936,791	\$ 896,324
04-8 ENG	Sidewalk Construction	157,370	77,375
03-7 PW	SCADA Infrastructure	60,473	29,568
04-2 PW	Lift Station #14	757,777	197,088
04-3 PK	Aquatic Center	172,000	81,150
	Total		<u>\$ 1,281,505</u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

Note 4 CAPITAL LEASE

The City has, in the past, obtained capital assets through capital leases. However, all obligations under capital leases were paid during fiscal year 2004, and therefore, the City has no liability for capital leases as of December 31, 2004.

Note 5 LONG-TERM DEBT

The City has four types of bonded debt outstanding at December 31, 2004: tax increment bonds, general obligation bonds, public project revenue bonds and G.O. revenue bonds. The first type of bond is payable solely from tax increment monies with any deficiency to be provided for by general property taxes. The second type is payable solely from general property taxes. The third type is payable solely from annual appropriation lease payments received from the City of Edina pursuant to a lease between the Edina Housing and Redevelopment Authority and the City. The fourth type is payable primarily from enterprise revenue with any deficiency to be provided for by general property taxes. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

GOVERNMENTAL ACTIVITIES

As of December 31, 2004, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/2004
Tax Increment Bonds:					
Tax Increment Refunding Taxable Bonds, Series 1996A	5.85-6.25	3/1/1996	2/1/2009	\$ 11,250,000	\$ 7,075,000
Tax Increment Bonds, Series 1997B	4.50-5.20	4/1/1997	2/1/2013	5,090,000	4,115,000
Tax Increment Bonds, Series 2000A	4.30-4.80	9/6/2000	2/1/2011	2,620,000	1,960,000
Tax Increment Bonds, Series 2000C	4.50-4.65	9/6/2000	2/1/2009	15,820,000	11,965,000
Tax Increment Bonds, Series 2002B	3.00%	8/5/2002	2/1/2009	1,400,000	1,400,000
Tax Increment Taxable Refunding Bonds of 2003B	1.128-1.749	3/1/2003	2/1/2006	6,570,000	4,245,000
Total Tax Increment Bonds				<u>42,750,000</u>	<u>30,760,000</u>
General Obligation Bonds:					
General Obligation - Park & Recreation, Series 1996B	4.25-5.75	8/1/1996	2/1/2017	8,090,000	6,300,000
General Obligation Equipment Certificates, Series 2003A	1.05-2.04	3/1/2003	2/1/2008	1,540,000	995,000
Total General Obligation Bonds				<u>9,630,000</u>	<u>7,295,000</u>
Public Project Revenue Bonds:					
Public Project Revenue, Series 2002	4.00-5.25	1/1/2002	2/1/2021	12,410,000	11,595,000
Total bonded indebtedness - governmental activities				<u>\$ 64,790,000</u>	<u>\$ 49,650,000</u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

BUSINESS-TYPE ACTIVITIES

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/2004
Revenue Bonds:					
Recreational Facility Bonds, Series 1999B	3.70-4.45	5/3/1999	1/1/2013	\$ 3,270,000	\$ 2,795,000
Recreational Facility Bonds, Series 2001A	2.25-4.65	11/1/2001	1/1/2017	4,620,000	3,530,000
Utility Revenue Bonds, Series 1999A	3.20-4.20	5/3/1999	2/1/2009	3,600,000	1,950,000
Utility Revenue Bonds, Series 2003C	1.10-3.55	3/1/2003	2/1/2013	3,200,000	2,910,000
Total bonded indebtedness - business-type activities				<u>\$ 14,690,000</u>	<u>\$ 11,185,000</u>

Annual debt service requirements to maturity for the City's bonds are as follows:

Year Ending December 31	Governmental Activities					
	Tax Increment Bonds		General Obligation Bonds		Public Project Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 5,465,000	\$ 1,327,983	\$ 905,000	\$ 352,863	\$ 460,000	\$ 558,286
2006	4,990,000	1,124,578	520,000	327,550	480,000	537,336
2007	4,655,000	901,483	520,000	305,338	505,000	515,174
2008	5,585,000	638,940	550,000	281,738	525,000	491,999
2009	5,910,000	340,631	425,000	257,863	550,000	467,811
2010-2014	4,155,000	374,144	2,500,000	901,126	3,155,000	1,922,783
2015-2019	-	-	1,875,000	164,445	4,010,000	1,035,202
2020-2021	-	-	-	-	1,910,000	101,588
Total	<u>\$ 30,760,000</u>	<u>\$ 4,707,759</u>	<u>\$ 7,295,000</u>	<u>\$ 2,590,923</u>	<u>\$ 11,595,000</u>	<u>\$ 5,630,179</u>

Year Ending December 31	Business-type Activities Revenue Bonds	
	Principal	Interest
2005	\$ 1,495,000	\$ 375,900
2006	1,545,000	328,868
2007	1,595,000	276,999
2008	1,560,000	221,821
2009	1,600,000	163,543
2010-2014	3,135,000	320,110
2015-2017	255,000	18,045
Total	<u>\$ 11,185,000</u>	<u>\$ 1,705,286</u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Tax increment bonds	\$ 35,900,000	\$ -	\$ (5,140,000)	\$ 30,760,000	\$ 5,465,000
General obligation bonds	8,165,000	-	(870,000)	7,295,000	905,000
Public project revenue bonds	12,035,000	-	(440,000)	11,595,000	460,000
Less deferred amounts:					
Discount on bonds	(365,535)	-	40,629	(324,906)	-
Premiums	59,787	-	(29,007)	30,780	-
Total bonds payable	55,794,252	-	(6,438,378)	49,355,874	6,830,000
Capital lease	229,585	-	(229,585)	-	-
Compensated absences	2,819,820	1,188,679	(1,054,723)	2,953,776	295,378
Governmental activity					
Long-term liabilities	<u>\$ 58,843,657</u>	<u>\$ 1,188,679</u>	<u>\$ (7,722,686)</u>	<u>\$ 52,309,650</u>	<u>\$ 7,125,378</u>
Business-type activities:					
Revenue bonds payable	\$ 12,640,000	\$ -	\$ (1,455,000)	\$ 11,185,000	\$ 1,495,000
Less deferred amounts:					
Discount on bonds	(62,023)	-	9,411	(52,612)	-
Total bonds payable	12,577,977	-	(1,445,589)	11,132,388	1,495,000
Capital lease	35,000	-	(35,000)	-	-
Compensated absences	714,696	308,354	(261,053)	761,997	76,200
Business-type activity					
Long-term liabilities	<u>\$ 13,327,673</u>	<u>\$ 308,354</u>	<u>\$ (1,741,642)</u>	<u>\$ 11,894,385</u>	<u>\$ 1,571,200</u>

For governmental activities, compensated absences are generally liquidated by the general fund.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

Note 6 LEGAL DEBT MARGIN

The City is subject to a statutory limitation by the State of Minnesota for bonded indebtedness payable principally from property taxes. The City of Edina's legal debt margin for 2004 is computed as follows:

	<u>December 31, 2004</u>
Market Value (after fiscal disparities)	<u>\$ 8,033,679,900</u>
Debt Limit (2% of Market Value)	<u>\$ 160,673,598</u>
Amount of debt applicable to debt limit:	
Total bonded debt	\$ 60,835,000
Less:	
Tax increment bonds	(30,760,000)
Public project revenue bonds	(11,595,000)
Revenue bonds	(11,185,000)
Cash and investments in related Debt Service Funds	<u>(2,141,903)</u>
Total debt applicable to debt limit	<u>\$ 5,153,097</u>
Legal debt margin	<u>\$ 155,520,501</u>

Note 7 DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. PLAN DESCRIPTION

All full-time and certain part-time employees of the City of Edina are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statute*, Chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest

average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERF's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For all PEPFF and PERF members fired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained on the web at mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651)296-7460 or 1-800-652-9026.

B. FUNDING POLICY

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 5.10%, respectively, of their annual covered salary. PEPFF members are required to contribute 6.20% of their annual covered salary. The City of Edina is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 5.53% for Coordinated Plan PERF members, and 9.30% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2004, 2003 and 2002 were \$925,715, \$850,338 and \$1,050,598, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2004, 2003 and 2002 were \$358,368, \$324,460 and \$485,138, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

C. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - DEFINED CONTRIBUTION

PLAN DESCRIPTION

Two council members of the City of Edina are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and four-tenths of one percent of the assets in each member's account annually.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

Total contributions made by the City during fiscal year 2004 were:

	Amount		Percentage of Covered Payroll		Required Rates
	Employees	Employer	Employees	Employer	
PEDCP	\$530	\$530	5.00%	5.00%	5.00%

Note 8 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of internal balances as of December 31, 2004, is as follows:

Receivable Fund	Payable Fund	Amount
General	Construction	\$ 700,000
	Nonmajor governmental fund	4,449
Debt Service	General	200,000
	Construction	99,835
	Revolving	322,337
Housing & Redevelopment Authority	General	4,382
Utilities	Construction	1,115,000
Liquor	Construction	680,000
Aquatic Center	Revolving	273,691
	Golf Course	370,786
Nonmajor governmental fund	Revolving	73,004
Total		<u>\$ 3,843,484</u>

The City's interfund receivables and payables eliminate what would have been a negative cash balance.

	Transfer In:					
	Debt Service	Construction	Revolving	Utilities	Nonmajor Business-type	Total
Transfer out:						
HRA Fund	\$6,660,376	\$ -	\$ -	\$ -	\$ -	\$ 6,660,376
Revolving Fund	-	840,719	-	13,843	197,430	1,051,992
Utilities Fund	-	-	100,000	-	-	100,000
Liquor Fund	-	-	766,500	-	233,000	999,500
	<u>\$6,660,376</u>	<u>\$ 840,719</u>	<u>\$ 866,500</u>	<u>\$ 13,843</u>	<u>\$ 430,430</u>	<u>\$ 8,811,868</u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund. Most of the City's interfund transfers fall under that category. Non-routine transfers include the following:

1. The Liquor fund transferred \$766,500 to the Revolving fund to fund ongoing capital improvement needs, as well as \$103,000 and \$130,000 to the Arena and Art Center funds, respectively, to subsidize operations.

Note 9 TAX INCREMENT DISTRICTS

The City of Edina is the administering authority for the following Tax Increment Districts:

Districts number 1200 (50th and France Commercial Area) is a redevelopment district established in 1974 pursuant to Minnesota Statutes with a termination date of 2009.

District number 1201 (Southeast Edina Redevelopment District – Edinborough) is a redevelopment district established in 1977 pursuant to Minnesota Statutes with a termination date of 2009.

District number 1202 (Grandview Commercial Area) is a redevelopment district established in 1984 pursuant to Minnesota Statutes with a termination date of 2010.

District number 1203 (Southeast Edina Redevelopment District – Centennial Lakes) is a redevelopment district established in 1988 pursuant to Minnesota Statutes with a termination date of 2016.

District number 1207 (70th and Cahill Economic Development District) is an economic district established in 1990 pursuant to Minnesota Statutes with a decertification date of 2000. Increment previously collected is available for expenditures within the larger development district that includes the Wooddale – Valley View commercial area. Tax capacity and debt for this district is not included in the following schedule as county reports no longer indicate captured tax capacity for this district and no debt is outstanding.

The following table reflects values as of December 31, 2004:

	<u>TIF #1200</u>	<u>TIF #1201</u>	<u>TIF #1202</u>	<u>TIF #1203</u>	<u>Total</u>
Original tax capacity	\$ 112,826	\$ 94,328	\$ 171,533	\$ 229,691	\$ 608,378
Current tax capacity	<u>1,004,506</u>	<u>2,709,877</u>	<u>1,030,231</u>	<u>2,812,828</u>	<u>7,557,442</u>
Tax capacity change	891,680	2,615,549	858,698	2,583,137	6,949,064
Captured tax capacity value:					
Retained captured tax capacity	<u>\$ 891,680</u>	<u>\$ 2,615,549</u>	<u>\$ 858,698</u>	<u>\$ 2,583,137</u>	<u>\$ 6,949,064</u>
Total bonds issued					
(general obligation)	\$ 5,360,000	\$ 22,445,000	\$ 9,637,555	\$ 35,744,724	\$ 73,187,279
Amounts redeemed	<u>4,500,000</u>	<u>19,060,000</u>	<u>6,277,555</u>	<u>12,589,724</u>	<u>42,427,279</u>
Outstanding bonds at					
December 31, 2004	<u>\$ 860,000</u>	<u>\$ 3,385,000</u>	<u>\$ 3,360,000</u>	<u>\$ 23,155,000</u>	<u>\$ 30,760,000</u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

Note 10 DEFICIT FUND BALANCES

The City has a deficit fund balance at December 31, 2004 as follows:

<u>Major Fund</u>	<u>Amount</u>
Capital Project Funds:	
Construction	<u>\$2,711,469</u>

The Capital Projects construction fund deficit will be covered in future periods by special assessment collections, tax increments, operating revenues, or State and bond proceeds.

Note 11 CONTINGENCIES

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation, automobile, liability and pollution coverage are provided through an insurance company. The City pays an annual premium for this coverage and all claims are paid from the plan up to the annual maximum of \$600,000 set by the State. The City is not subject to a deductible for workers compensation, automobile, liability and pollution coverage.

Property coverage is also provided by an insurance company. The City pays an annual premium for this coverage, and all claims are paid for by the plan. The City has a \$5,000 deductible per occurrence, with an annual maximum of \$76,571,404.

Police professional insurance coverage is provided by an insurance company. The City pays an annual premium for this coverage, and has a \$10,000 deductible per occurrence, with a \$500,000 annual maximum.

Inland Marine contractor's equipment insurance coverage is provided by an insurance company. The City pays an annual premium for this coverage, and has a \$1,000 deductible and \$100,000 maximum per occurrence, with a \$1,975,000 annual maximum.

Boiler and machinery insurance coverage is provided by an insurance company. The City pays an annual premium for this coverage, and has a \$2,500 deductible per occurrence, with a \$1,000,000 annual maximum.

Ambulance professional liability insurance coverage is provided by an insurance company. The City pays an annual premium for this coverage, and a \$500,000 annual maximum.

A public employee's blanket bond and a public official bond are provided by an insurance company. The City pays an annual premium for this coverage, and is subject to limits of \$500 to \$5,000 per individual for the public official bond, and a \$50,000 annual maximum for the public employee's blanket bond.

The City covers all losses above the per occurrence and annual deductibles through our insurance policies. The City has designated \$925,765 in the general fund to finance potential uninsured loss. Settlement claims have not exceeded insurance coverage for each of the past three years.

B. LITIGATION

The City attorney has indicated that existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City attorney, remotely recoverable by plaintiffs.

C. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2004.

D. TAX INCREMENT DISTRICTS

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management is not aware of any instances of noncompliance which would have a material effect on the financial statements.

Note 12 CONDUIT DEBT OBLIGATION

As of December 31, 2004, the City of Edina had 3 series of Housing and Health Care Revenue Bonds, with an aggregate principal amount payable of \$30,285,000. The bonds are payable solely from revenues of the respective organizations and do not constitute an indebtedness of the City, and are not a charge against its general credit or taxing power. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

Note 13 JOINT VENTURE

The City is a participant with the City of Bloomington, the City of Eden Prairie and the Metropolitan Airport Commission in a joint venture to construct and operate a facility to be used for the training of law enforcement officers and firefighters. The South Metro Public Safety Training Facility Association (PSTF) is governed by a Board consisting of one representative from each Member. On dissolution of the Association, the Facility shall revert to the City of Edina, and all remaining assets shall be divided among the members based on the Cost Sharing Formula. In accordance with the joint venture agreement, each member of the association will share in the cost of the construction and operation based on the Cost Sharing Formula. The City's net investment is reported in the governmental activities capital assets. The City's equity interest in the PSTF was \$1,452,465. Complete financial statements for PSTF can be obtained from the City of Edina, 4801 West 50th Street, Edina, MN 55424.

Note 14 DESIGNATIONS AND RESERVATIONS OF FUND BALANCE

At December 31, 2004 the City had designated and reserved portions of its various fund balances through legal restriction and City Council authorization. A summary of such designations is as follows:

	<u>December 31, 2004</u>
General Fund:	
Reserved for prepaid items	\$ 390,771
Designated for parkland dedication	92,744
Designated for unrealized investment gains/losses	16,784
Designated for commitments	2,560,648
Designated for insurance/severance	925,765
Designated for cash flow	6,630,114
Debt Service Fund:	
Reserved for debt service	2,145,488
Construction Fund:	
Reserved for encumbrances	973,700
Revolving Fund:	
Reserved for encumbrances	23,433
Reserved for special projects	322,819
Designated for capital improvements	7,907,143
	<u>\$ 21,989,409</u>

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2004

Statement 10

	Budgeted Amounts		2004 Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
General property taxes:				
Current	\$ 15,860,373	\$ 15,860,373	\$ 15,629,848	\$ (230,525)
Penalties and interest	15,000	15,000	5,592	(9,408)
Total general property taxes	15,875,373	15,875,373	15,635,440	(239,933)
Licenses and permits:	2,004,695	2,004,695	2,247,759	243,064
Intergovernmental:				
Federal:	113,800	113,800	131,769	17,969
State:				
Municipal state aid	195,000	195,000	195,000	-
Other	56,634	56,634	190,852	134,218
State aid - police	300,000	300,000	321,199	21,199
Health programs	121,180	121,180	121,180	-
Total intergovernmental	786,614	786,614	960,000	173,386
Charges for services:				
Building Department	2,700	2,700	5,791	3,091
City Clerk	-	-	12,254	12,254
Fire Department	46,800	46,800	37,761	(9,039)
Ambulance fees	1,050,000	1,050,000	1,227,400	177,400
Police Department	253,800	253,800	251,456	(2,344)
Engineering	111,500	111,500	114,887	3,387
Health Department	6,000	6,000	7,935	1,935
Planning Department	25,500	25,500	21,676	(3,824)
Housing Foundation Contract	29,300	29,300	57,666	28,366
HRA Services	20,000	20,000	21,017	1,017
Assessing Searches	500	500	3,188	2,688
Park Registration	75,000	75,000	75,346	346
Senior Center	65,000	65,000	103,275	38,275
Other fees	13,445	13,445	3,275	(10,170)
50th & France Assessment	37,300	37,300	37,300	-
Charges to other funds	247,728	247,728	247,728	-
Total charges for services	1,984,573	1,984,573	2,227,955	243,382
Fines and forfeits	900,000	900,000	863,073	(36,927)
Miscellaneous:				
Sale and rental of property	286,400	286,400	385,007	98,607
Investment income	100,000	100,000	80,223	(19,777)
Donations	-	-	51,040	51,040
Other	5,000	5,000	73,631	68,631
Total miscellaneous	391,400	391,400	589,901	198,501
Total revenues	21,942,655	21,942,655	22,524,128	581,473

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2004

Statement 10

	Budgeted Amounts		2004 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Expenditures:				
General government:				
Mayor and Council:				
Current:				
Personal services	\$ 31,159	\$ 31,159	\$ 30,763	\$ 396
Contractual services	4,100	4,100	5,107	(1,007)
Commodities	1,000	1,000	1,691	(691)
Central services	42,000	42,000	44,432	(2,432)
Total mayor and council	78,259	78,259	81,993	(3,734)
Administration:				
Current:				
Personal services	724,727	724,727	706,929	17,798
Contractual services	137,800	137,800	142,719	(4,919)
Commodities	2,400	2,400	3,117	(717)
Central services	64,392	64,392	69,148	(4,756)
Total current	929,319	929,319	921,913	7,406
Capital outlay	5,821	5,821	3,636	2,185
Total administration	935,140	935,140	925,549	9,591
Planning:				
Current:				
Personal services	301,779	301,779	298,453	3,326
Contractual services	25,420	25,420	11,450	13,970
Commodities	1,215	1,215	790	425
Central services	42,900	42,900	45,816	(2,916)
Total current	371,314	371,314	356,509	14,805
Capital outlay	5,035	5,035	5,346	(311)
Total planning	376,349	376,349	361,855	14,494
Finance:				
Current:				
Personal services	418,910	418,910	423,592	(4,682)
Contractual services	93,100	93,100	82,670	10,430
Commodities	2,100	2,100	1,655	445
Central services	46,980	46,980	50,486	(3,506)
Total current	561,090	561,090	558,403	2,687
Capital outlay	5,820	5,820	2,415	3,405
Total finance	566,910	566,910	560,818	6,092
Election:				
Current:				
Personal services	87,472	87,472	181,165	(93,693)
Contractual services	12,470	12,470	5,618	6,852
Commodities	5,126	5,126	9,013	(3,887)
Central services	6,324	6,324	7,243	(919)
Total current	111,392	111,392	203,039	(91,647)
Capital outlay	11,193	11,193	818	10,375
Total election	122,585	122,585	203,857	(81,272)

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2004

Statement 10

	Budgeted Amounts		2004 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Assessing:				
Current:				
Personal services	\$ 536,121	\$ 536,121	\$ 492,383	\$ 43,738
Contractual services	97,046	97,046	88,144	8,902
Commodities	1,918	1,918	3,859	(1,941)
Central services	59,148	59,148	63,042	(3,894)
Total current	694,233	694,233	647,428	46,805
Capital outlay	15,305	15,305	8,843	6,462
Total assessing	709,538	709,538	656,271	53,267
Legal and court services:				
Current:				
Contractual services	408,000	408,000	398,858	9,142
Contingencies:				
Current:				
Personal services	-	-	20,331	(20,331)
Contractual services	119,431	119,431	69,477	49,954
Commodities	-	-	1,499	(1,499)
Total contingencies	119,431	119,431	91,307	28,124
Capital plan appropriation:				
Current:				
Contractual services	50,000	50,000	50,000	-
City's share of special assessment:				
Current:				
Contractual services	27,000	27,000	26,587	413
Human Rights Commission:				
Current:				
Contractual services	80,079	80,079	79,620	459
Suburban Rate Authority:				
Current:				
Contractual services	3,000	3,000	2,617	383
Edina Resource Center				
Current:				
Contractual services	32,400	32,400	33,930	(1,530)
Human Services Planning & Coordination				
Current:				
Contractual services	22,074	22,074	10,868	11,206
Records management:				
Current:				
Personal services	-	-	270	(270)
Contractual services	26,600	26,600	4,832	21,768
Total records management	26,600	26,600	5,102	21,498
Employee programs				
Current:				
Personal services	115,720	115,720	109,904	5,816
Contractual services	11,004	11,004	8,747	2,257
Total employee programs	126,724	126,724	118,651	8,073
Dial-a-Ride:				
Current:				
Personal services				
Contractual services	24,000	24,000	19,673	4,327
Total general government	3,708,089	3,708,089	3,627,556	80,533

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2004

Statement 10

	Budgeted Amounts		2004 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Public safety:				
Police protection:				
Current:				
Personal services	\$ 5,049,204	\$ 5,049,204	\$ 5,000,128	\$ 49,076
Contractual services	300,846	300,846	313,193	(12,347)
Commodities	66,622	66,622	69,211	(2,589)
Central services	725,976	725,976	733,249	(7,273)
Total current	6,142,648	6,142,648	6,115,781	26,867
Capital outlay	242,018	242,018	147,000	95,018
Total police protection	6,384,666	6,384,666	6,262,781	121,885
Fire protection:				
Current:				
Personal services	2,978,966	2,978,966	2,869,783	109,183
Contractual services	276,220	276,220	269,263	6,957
Commodities	130,050	130,050	135,479	(5,429)
Central services	265,440	265,440	299,250	(33,810)
Total current	3,650,676	3,650,676	3,573,775	76,901
Capital outlay	23,935	23,935	8,811	15,124
Total fire protection	3,674,611	3,674,611	3,582,586	92,025
Civil defense:				
Current:				
Personal services	26,922	26,922	26,922	-
Contractual services	8,776	8,776	6,632	2,144
Commodities	1,309	1,309	-	1,309
Total current	37,007	37,007	33,554	3,453
Capital outlay	8,102	8,102	15,942	(7,840)
Total civil defense	45,109	45,109	49,496	(4,387)
Animal Control:				
Current:				
Personal services	46,781	46,781	43,423	3,358
Contractual services	7,698	7,698	9,411	(1,713)
Commodities	3,745	3,745	923	2,822
Central services	6,684	6,684	6,995	(311)
Total current	64,908	64,908	60,752	4,156
Capital outlay	6,695	6,695	-	6,695
Total animal control	71,603	71,603	60,752	10,851
Public health				
Current:				
Personal services	209,037	209,037	187,878	21,159
Contractual services	169,340	169,340	175,444	(6,104)
Commodities	2,650	2,650	864	1,786
Central services	27,396	27,396	28,932	(1,536)
Total current	408,423	408,423	393,118	15,305
Capital outlay	11,629	11,629	2,560	9,069
Total public health	420,052	420,052	395,678	24,374

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2004

Statement 10

	Budgeted Amounts		2004 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Inspections:				
Current:				
Personal services	\$ 504,268	\$ 504,268	\$ 497,135	\$ 7,133
Contractual services	71,279	71,279	87,463	(16,184)
Commodities	4,200	4,200	3,818	382
Central services	72,096	72,096	75,118	(3,022)
Total current	651,843	651,843	663,534	(11,691)
Capital outlay	15,002	15,002	41,330	(26,328)
Total inspections	666,845	666,845	704,864	(38,019)
Total public safety	11,262,886	11,262,886	11,056,157	206,729
Public works:				
Administration:				
Current:				
Personal services	148,306	148,306	136,173	12,133
Contractual services	5,300	5,300	4,004	1,296
Commodities	-	-	486	(486)
Central services	18,852	18,852	20,098	(1,246)
Total administration	172,458	172,458	160,761	11,697
Engineering:				
Current:				
Personal services	532,383	532,383	461,549	70,834
Contractual services	41,400	41,400	41,106	294
Commodities	13,200	13,200	11,172	2,028
Central services	71,412	71,412	74,132	(2,720)
Total current	658,395	658,395	587,959	70,436
Capital outlay	46,750	46,750	23,084	23,666
Total engineering	705,145	705,145	611,043	94,102
Supervision and overhead:				
Current:				
Personal services	215,042	215,042	203,130	11,912
Contractual services	37,100	37,100	21,294	15,806
Commodities	800	800	92	708
Central services	135,888	135,888	133,408	2,480
Total supervision and overhead	388,830	388,830	357,924	30,906
Street maintenance:				
Current:				
Personal services	1,456,462	1,456,462	1,455,228	1,234
Contractual services	633,800	633,800	547,159	86,641
Commodities	627,650	627,650	608,757	18,893
Central services	512,544	512,544	512,544	-
Total current	3,230,456	3,230,456	3,123,688	106,768
Capital outlay	131,416	131,416	452,601	(321,185)
Total street maintenance	3,361,872	3,361,872	3,576,289	(214,417)
Total public works	4,628,305	4,628,305	4,706,017	(77,712)

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2004

Statement 10

	Budgeted Amounts		2004	Variance with
	Original	Final	Actual	Final Budget -
			Amounts	Under
				(Over)
Parks:				
Administration:				
Current:				
Personal services	\$ 533,620	\$ 533,620	\$ 520,362	\$ 13,258
Contractual services	29,482	29,482	26,927	2,555
Commodities	3,263	3,263	2,329	934
Central services	62,460	62,460	67,661	(5,201)
Total current	628,825	628,825	617,279	11,546
Capital outlay	4,614	4,614	-	4,614
Total administration	633,439	633,439	617,279	16,160
Recreation:				
Current:				
Personal services	151,498	151,498	142,286	9,212
Contractual services	146,368	146,368	126,909	19,459
Commodities	42,462	42,462	45,482	(3,020)
Total recreation	340,328	340,328	314,677	25,651
Maintenance:				
Current:				
Personal services	1,285,131	1,285,131	1,238,004	47,127
Contractual services	304,017	304,017	254,994	49,023
Commodities	157,592	157,592	167,320	(9,728)
Central services	248,724	248,724	248,403	321
Total current	1,995,464	1,995,464	1,908,721	86,743
Capital outlay	31,644	31,644	38,545	(6,901)
Total maintenance	2,027,108	2,027,108	1,947,266	79,842
Deer control:				
Current:				
Contractual services	9,000	9,000	12,415	(3,415)
Total deer control	9,000	9,000	12,415	(3,415)
Total parks	3,009,875	3,009,875	2,891,637	118,238
Total expenditures	22,609,155	22,609,155	22,281,367	327,788
Revenues over (under) expenditures	(666,500)	(666,500)	242,761	909,261
Other financing sources (uses):				
Transfer from Enterprise Funds	666,500	666,500	-	(666,500)
Total financing sources (uses)	666,500	666,500	-	(666,500)
Net increase (decrease) in fund balance	\$ -	\$ -	\$ 242,761	\$ 242,761
Fund balance - January 1			10,374,065	
Fund balance - December 31			\$ 10,616,826	

CITY OF EDINA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2004

Note A LEGAL COMPLIANCE – BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted by the passage of a resolution by the City Council.
4. Formal budgetary integration is employed as a management control device during the year.
5. Budgets for the General Fund and the Community Development Block Grant Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The City Council may authorize transfers of budgeted amounts between departments.
7. Reported budget amounts are as originally adopted or as amended by Council-approved supplemental appropriations and budget transfers.
8. Expenditures may not legally exceed appropriations by department unless offset by increases in revenues. All unencumbered appropriations lapse at year-end.

CITY OF EDINA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2004

Note B EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level for the General Fund. The following is a listing of General Fund departments whose expenditures exceed budget appropriations.

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Government:			
Mayor and Council	\$ 78,259	\$ 81,993	\$ 3,734
Election	122,585	203,857	81,272
Edina Resource Center	32,400	33,930	1,530
Public Safety:			
Civil defense	45,109	49,496	4,387
Inspections	666,845	704,864	38,019
Public Works:			
Street maintenance	3,361,872	3,576,289	214,417
Parks:			
Deer control	9,000	12,415	3,415

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

A Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Community Development Block Grant Fund - This fund was established to account for funds received under Title I of the Housing and Community Development Act of 1974.

Communications Fund - This fund was established to account for funds received from the franchise fee of the local cable television service.

CITY OF EDINA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2004

Statement 11

Assets	Community Development Block Grant	Communication	Total Nonmajor Special Revenue Funds
Investments	\$ -	\$ 615,088	\$ 615,088
Accounts receivable	-	116,824	116,824
Accrued interest receivable	-	5,219	5,219
Due from other funds	-	73,004	73,004
Due from other governments	5,768	-	5,768
Total assets	<u>\$ 5,768</u>	<u>\$ 810,135</u>	<u>\$ 815,903</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 1,319	\$ 26,687	\$ 28,006
Salaries payable	-	920	920
Due to other funds	4,449	-	4,449
Deferred revenue	-	1,070	1,070
Total liabilities	<u>5,768</u>	<u>28,677</u>	<u>34,445</u>
Fund balance:			
Unreserved:			
Undesignated	-	781,458	781,458
Total fund balance	<u>-</u>	<u>781,458</u>	<u>781,458</u>
Total liabilities and fund balance	<u>\$ 5,768</u>	<u>\$ 810,135</u>	<u>\$ 815,903</u>

CITY OF EDINA, MINNESOTA**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2004****Statement 12**

	Community Development Block Grant	Communication	Total Nonmajor Special Revenue Funds
Revenues:			
Franchise fees	\$ -	\$ 450,956	\$ 450,956
Intergovernmental	129,010	-	129,010
Investment income	-	20,252	20,252
Other	-	33,904	33,904
Total revenues	<u>129,010</u>	<u>505,112</u>	<u>634,122</u>
Expenditures:			
Current:			
General government	129,010	410,431	539,441
Total expenditures	<u>129,010</u>	<u>410,431</u>	<u>539,441</u>
Net increase (decrease) in fund balance	-	94,681	94,681
Fund balance - January 1	-	686,777	686,777
Fund balance - December 31	<u>\$ -</u>	<u>\$ 781,458</u>	<u>\$ 781,458</u>

CITY OF EDINA, MINNESOTA**SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT BLOCK GRANT****Statement 13****SCHEDULE OF REVENUES, EXPENDITURES AND****CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For The Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Intergovernmental	\$ 171,153	\$ 171,153	\$ 129,010
Total revenues	<u>171,153</u>	<u>171,153</u>	<u>129,010</u>
Expenditures:			
Current:			
General government	<u>171,153</u>	<u>171,153</u>	<u>129,010</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance - January 1			<u>-</u>
Fund balance - December 31			<u>\$ -</u>

NONMAJOR PROPRIETARY FUNDS

Enterprise Funds

Enterprise funds account for the financing of self-supporting activities of governmental units which render services to the general public on a user charge basis. The following are nonmajor enterprise funds:

- Arena
- Art Center
- Edinburgh Park/Centennial Lake

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
December 31, 2004

Statement 14

	Arena	Art Center	Edinborough Park Centennial Lake	Total Nonmajor Proprietary Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 770	\$ 526	\$ 9,991	\$ 11,287
Investments	-	-	4,658,390	4,658,390
Accounts receivable:				
Accounts	127,210	-	8,927	136,137
Interest	-	-	39,529	39,529
Net accounts receivable	127,210	-	48,456	175,666
Inventory	-	16,968	-	16,968
Deferred charges	4,925	-	-	4,925
Total current assets	132,905	17,494	4,716,837	4,867,236
Noncurrent assets:				
Net capital assets	3,545,865	339,001	715,576	4,600,442
Total noncurrent assets	3,545,865	339,001	715,576	4,600,442
Total assets	3,678,770	356,495	5,432,413	9,467,678
Liabilities:				
Current liabilities:				
Accounts payable	29,323	21,715	30,952	81,990
Salaries payable	5,874	2,197	9,249	17,320
Accrued interest payable	14,295	-	-	14,295
Contracts payable		5,732		5,732
Due to other governments	208	1,225	4,570	6,003
Compensated absences payable	9,818	3,935	9,801	23,554
Deferred revenue	-	2,550	49,250	51,800
Bonds payable	195,000	-	-	195,000
Total current liabilities	254,518	37,354	103,822	395,694
Noncurrent liabilities:				
Bonds payable, net	840,943	-	-	840,943
Compensated absences	88,365	35,419	88,209	211,993
Total noncurrent liabilities	929,308	35,419	88,209	1,052,936
Total liabilities	1,183,826	72,773	192,031	1,448,630
Net assets:				
Invested in capital assets, net of related debt	2,514,847	339,001	715,576	3,569,424
Unrestricted	(19,903)	(55,279)	4,524,806	4,449,624
Total net assets	\$ 2,494,944	\$ 283,722	\$ 5,240,382	\$ 8,019,048

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended December 31, 2004

Statement 15

	Arena	Art Center	Edinborough Park Centennial Lake	Total Nonmajor Proprietary Funds
Operating revenues:				
Sales - retail	\$ 25,646	\$ 63,811	\$ -	\$ 89,457
Sales - concessions	-	2,893	25,435	28,328
Memberships	4,958	31,047	57,820	93,825
Admissions	92,142	-	371,001	463,143
Building rental	1,074,841	-	258,154	1,332,995
Rental of equipment	3,277	-	69,366	72,643
Greens fees	-	-	180,530	180,530
Other fees	119,123	396,457	477,511	993,091
Total operating revenues	<u>1,319,987</u>	<u>494,208</u>	<u>1,439,817</u>	<u>3,254,012</u>
Operating expenses:				
Cost of sales and services	1,342	28,012	10,493	39,847
Personal services	606,876	278,228	892,986	1,778,090
Contractual services	479,108	259,187	391,255	1,129,550
Commodities	49,469	49,301	171,267	270,037
Central Services	38,091	30,375	81,200	149,666
Depreciation	317,575	27,960	84,228	429,763
Total operating expenses	<u>1,492,461</u>	<u>673,063</u>	<u>1,631,429</u>	<u>3,796,953</u>
Operating loss	<u>(172,474)</u>	<u>(178,855)</u>	<u>(191,612)</u>	<u>(542,941)</u>
Nonoperating revenues (expenses):				
Investment income	-	-	157,988	157,988
Donations	-	26,673	-	26,673
Interest and fiscal charges	(28,758)	-	-	(28,758)
Interest on capital lease	(699)	-	(194)	(893)
Loss on sale of capital asset	-	-	(21,342)	(21,342)
Amortization of bond discount	(2,246)	-	-	(2,246)
Total nonoperating revenues (expenses)	<u>(31,703)</u>	<u>26,673</u>	<u>136,452</u>	<u>131,422</u>
Income (loss) before transfers	<u>(204,177)</u>	<u>(152,182)</u>	<u>(55,160)</u>	<u>(411,519)</u>
Transfers:				
Transfers in	177,430	155,000	98,000	430,430
Total transfers	<u>177,430</u>	<u>155,000</u>	<u>98,000</u>	<u>430,430</u>
Change in net assets	(26,747)	2,818	42,840	18,911
Net assets - January 1	<u>2,521,691</u>	<u>280,904</u>	<u>5,197,542</u>	<u>8,000,137</u>
Net assets - December 31	<u>\$ 2,494,944</u>	<u>\$ 283,722</u>	<u>\$ 5,240,382</u>	<u>\$ 8,019,048</u>

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended December 31, 2004

Statement 16

	Arena	Art Center	Edinborough Park Centennial Lake	Total Nonmajor Proprietary Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,313,622	\$ 495,308	\$ 1,428,576	\$ 3,237,506
Payment to suppliers	(562,036)	(355,843)	(694,265)	(1,612,144)
Payment to employees	(620,503)	(290,706)	(922,878)	(1,834,087)
Net cash provided by (used in) operating activities	131,083	(151,241)	(188,567)	(208,725)
Cash flows from noncapital financing activities:				
Transfer (to) from Enterprise Funds	103,000	130,000	-	233,000
Transfer (to) from Capital Project Funds	74,430	25,000	98,000	197,430
Donations	-	26,673	-	26,673
Net cash provided by noncapital financing activities	177,430	181,673	98,000	457,103
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(74,430)	(30,631)	(114,730)	(219,791)
Principal paid on bonds	(180,000)	-	-	(180,000)
Principal paid on capital lease	(25,200)	-	(7,000)	(32,200)
Interest paid on bonds	(30,933)	-	-	(30,933)
Interest paid on capital lease	(699)	-	(194)	(893)
Net cash used in capital and related financing activities	(311,262)	(30,631)	(121,924)	(463,817)
Cash flows from investing activities:				
Proceeds from sales of investments	-	-	59,331	59,331
Investment income	-	-	160,668	160,668
Net cash flows provided by (used in) investing activities	-	-	219,999	219,999
Net increase (decrease) in cash and cash equivalents	(2,749)	(199)	7,508	4,560
Cash and cash equivalents - January 1	3,519	725	2,483	6,727
Cash and cash equivalents - December 31	\$ 770	\$ 526	\$ 9,991	\$ 11,287
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$ (172,474)	\$ (178,855)	\$ (191,612)	\$ (542,941)
Adjustments to reconcile operating loss to net cash flows from operating activities:				
Depreciation	317,575	27,960	84,228	429,763
Changes in assets and liabilities:				
Decrease (increase) in receivables	(6,365)	-	3,997	(2,368)
Decrease (increase) in due from other funds	790	501	-	1,291
Decrease (increase) in inventory	-	894	-	894
Increase (decrease) in accounts payable	5,623	4,490	2,106	12,219
Increase (decrease) in salaries payable	(20,760)	(8,138)	(26,399)	(55,297)
Increase (decrease) in contracts payable	-	5,732	-	5,732
Increase (decrease) in due to other funds	-	-	(42,644)	(42,644)
Increase (decrease) in due to other governments	(439)	(585)	488	(536)
Increase (decrease) in compensated absences	7,133	(4,340)	(3,493)	(700)
Increase (decrease) in deferred revenue	-	1,100	(15,238)	(14,138)
Total adjustments	303,557	27,614	3,045	334,216
Net cash provided by (used in) operating activities	\$ 131,083	\$ (151,241)	\$ (188,567)	\$ (208,725)
Noncash investing, capital and financing activities:				
Increase (decrease) in fair value of investments	\$ -	\$ -	\$ (41,338)	\$ (41,338)

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CITY OF EDINA, MINNESOTA
COMBINED SCHEDULE OF INDEBTEDNESS
December 31, 2004

	Interest Rates	Date	Final Maturity Date
Tax Increment Bonds:			
Tax Increment Refunding Taxable Bonds, Series 1996A	5.85 - 6.25	03/01/96	02/01/09
Tax Increment Bonds, Series 1997B	4.50 - 5.20	04/01/97	02/01/13
Tax Increment Bonds, Series 2000A	4.30 - 4.80	09/06/00	02/01/11
Tax Increment Bonds, Series 2000C	4.50 - 4.65	09/06/00	02/01/09
Tax Increment Bonds, Series 2002B	3.00%	08/05/02	02/01/09
Tax Increment Taxable Refunding Bonds of 2003B	1.128 - 1.749	03/01/03	02/01/06
Total Tax Increment Bonds			
General Obligation Bonds:			
General Obligation - Park & Recreation, Series 1996B	4.25 - 5.75	08/01/96	02/01/17
General Obligation Equipment Certificates, Series 2003A	1.05 - 2.40	03/01/03	02/01/08
Total General Obligation Bonds			
Public Project Revenue Bonds:			
Public Project Revenue, Series 2002	4.00 - 5.25	01/01/02	02/01/21
Total Public Project Revenue Bonds			
Revenue Bonds:			
Recreational Facility Bonds, Series 1999B	3.70 - 4.45	05/03/99	01/01/13
Recreational Facility Bonds, Series 2001A	2.25 - 4.65	11/01/01	01/01/17
Utility Revenue Bonds, Series 1999A	3.20 - 4.20	05/03/99	02/01/09
Utility Revenue Bonds, Series 2003C	1.10 - 3.55	03/01/03	02/01/13
Total Revenue Bonds			
Total - Bonded indebtedness			
Capital lease - Fire Station 2	5.2	10/01/97	08/01/06
Capital lease - Honeywell	5.5	03/01/94	03/01/04
Compensated absences payable			
Total City indebtedness			

Exhibit 1

Prior Years		Outstanding 12/31/2003	2004		Payable 12/31/2004	Principal Due In 2005	Interest Due In 2005	Interest Payable to Maturity
Original Issue	Redeemed		Issued	Payments				
\$11,250,000	\$ 3,275,000	\$ 7,975,000	\$ -	\$ 900,000	\$ 7,075,000	\$ 900,000	\$ 409,512	\$ 1,270,705
5,090,000	750,000	4,340,000	-	225,000	4,115,000	250,000	211,218	1,095,370
2,620,000	430,000	2,190,000	-	230,000	1,960,000	240,000	85,173	338,701
15,820,000	2,395,000	13,425,000	-	1,460,000	11,965,000	1,505,000	512,505	1,599,469
1,400,000	-	1,400,000	-	-	1,400,000	-	42,000	315,000
6,570,000	-	6,570,000	-	2,325,000	4,245,000	2,570,000	67,575	88,513
42,750,000	6,850,000	35,900,000	-	5,140,000	30,760,000	5,465,000	1,327,983	4,707,758
8,090,000	1,465,000	6,625,000	-	325,000	6,300,000	350,000	337,913	2,561,169
1,540,000	-	1,540,000	-	545,000	995,000	555,000	14,950	29,750
9,630,000	1,465,000	8,165,000	-	870,000	7,295,000	905,000	352,863	2,590,919
12,410,000	375,000	12,035,000	-	440,000	11,595,000	460,000	558,486	5,630,381
12,410,000	375,000	12,035,000	-	440,000	11,595,000	460,000	558,486	5,630,381
3,270,000	220,000	3,050,000	-	255,000	2,795,000	265,000	113,492	577,635
4,620,000	525,000	4,095,000	-	565,000	3,530,000	585,000	114,126	495,536
3,600,000	1,305,000	2,295,000	-	345,000	1,950,000	360,000	71,775	205,927
3,200,000	-	3,200,000	-	290,000	2,910,000	285,000	76,507	426,185
14,690,000	2,050,000	12,640,000	-	1,455,000	11,185,000	1,495,000	375,900	1,705,283
79,480,000	10,740,000	68,740,000	-	7,905,000	60,835,000	8,325,000	2,615,232	14,634,341
650,000	420,415	229,585	-	229,585	-	-	-	-
510,000	475,000	35,000	-	35,000	-	-	-	-
-	-	3,534,516	-	-	3,715,773	-	-	-
\$80,640,000	\$11,635,415	\$72,539,101	\$ -	\$ 8,169,585	\$64,550,773	\$ 8,325,000	\$ 2,615,232	\$14,634,341

CITY OF EDINA, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
TAX INCREMENT AND GENERAL OBLIGATION BONDS
December 31, 2004

	1996A Tax Increment Tax. Refndg Bonds	1997B Tax Increment Bonds	2000A Tax Increment Bonds	2000C Tax Increment Bonds
Bonds payable	\$ 7,075,000	\$ 4,115,000	\$ 1,960,000	\$11,965,000
Future interest payable	1,270,705	1,095,370	338,701	1,599,469
Totals	<u>\$ 8,345,705</u>	<u>\$ 5,210,370</u>	<u>\$ 2,298,701</u>	<u>\$13,564,469</u>
Payments to maturity:				
2005	\$ 1,309,512	\$ 461,218	\$ 325,172	\$ 2,017,505
2006	1,351,563	599,578	329,095	2,096,405
2007	1,750,705	598,306	327,329	2,838,142
2008	1,974,550	595,792	329,860	3,281,738
2009	1,959,375	591,900	326,677	3,330,679
2010	-	591,593	327,768	-
2011	-	589,831	332,800	-
2012	-	591,340	-	-
2013	-	590,812	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
	<u>\$ 8,345,705</u>	<u>\$ 5,210,370</u>	<u>\$ 2,298,701</u>	<u>\$13,564,469</u>

Exhibit 2

2002B Tax Increment Bonds	2003B Tax Increment Refunding Bonds	Total	1996B Park & Rec Gen. Oblig.	2003A Equipment Certificates	Total	Grand Total
\$ 1,400,000	\$ 4,245,000	\$30,760,000	\$ 6,300,000	\$ 995,000	\$ 7,295,000	\$38,055,000
315,000	88,513	4,707,758	2,561,169	29,750	2,590,919	7,298,677
<u>\$ 1,715,000</u>	<u>\$ 4,333,513</u>	<u>\$35,467,758</u>	<u>\$ 8,861,169</u>	<u>\$ 1,024,750</u>	<u>\$ 9,885,919</u>	<u>\$45,353,677</u>
\$ 42,000	\$ 2,637,575	\$ 6,792,982	\$ 687,912	\$ 569,950	\$ 1,257,862	\$ 8,050,844
42,000	1,695,938	6,114,579	694,600	152,950	847,550	6,962,129
42,000	-	5,556,482	675,288	150,050	825,338	6,381,820
42,000	-	6,223,940	679,937	151,800	831,737	7,055,677
42,000	-	6,250,631	682,863	-	682,863	6,933,494
42,000	-	961,361	684,125	-	684,125	1,645,486
42,000	-	964,631	683,800	-	683,800	1,648,431
1,421,000	-	2,012,340	681,862	-	681,862	2,694,202
-	-	590,812	678,288	-	678,288	1,269,100
-	-	-	673,050	-	673,050	673,050
-	-	-	690,412	-	690,412	690,412
-	-	-	680,344	-	680,344	680,344
-	-	-	668,688	-	668,688	668,688
<u>\$ 1,715,000</u>	<u>\$ 4,333,513</u>	<u>\$35,467,758</u>	<u>\$ 8,861,169</u>	<u>\$ 1,024,750</u>	<u>\$ 9,885,919</u>	<u>\$45,353,677</u>

CITY OF EDINA, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
PUBLIC PROJECT REVENUE BONDS
December 31, 2004

Exhibit 3

	2002 Public Project Bonds
Bonds payable	\$ 11,595,000
Future interest payable	5,630,381
Totals	<u>\$ 17,225,381</u>
Payments to maturity:	
2005	\$ 1,018,486
2006	1,017,336
2007	1,020,174
2008	1,016,999
2009	1,017,811
2010	1,017,499
2011	1,015,761
2012	1,016,841
2013	1,015,551
2014	1,012,132
2015	1,011,756
2016	1,009,156
2017	1,009,181
2018	1,007,156
2019	1,007,954
2020	1,005,863
2021	1,005,725
	<u>\$ 17,225,381</u>

CITY OF EDINA, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
REVENUE BONDS
December 31, 2004

Exhibit 4

	1999B Recreational Facility Bonds	2001A Recreational Facility Bonds	1999A Utility Revenue Bonds	2003C Utility Revenue Bonds	Total
Bonds payable	\$ 2,795,000	\$ 3,530,000	\$ 1,950,000	\$ 2,910,000	\$11,185,000
Future interest payable	577,635	495,536	205,927	426,185	1,705,283
Totals	<u>\$ 3,372,635</u>	<u>\$ 4,025,536</u>	<u>\$ 2,155,927</u>	<u>\$ 3,336,185</u>	<u>\$12,890,283</u>
Payments to maturity:					
2005	\$ 378,492	\$ 699,126	\$ 431,775	\$ 361,507	\$ 1,870,900
2006	372,925	706,335	432,345	362,263	1,873,868
2007	381,580	691,579	432,045	366,795	1,871,999
2008	374,441	606,515	430,942	369,922	1,781,820
2009	376,580	586,577	428,820	371,565	1,763,542
2010	372,955	90,167	-	371,973	835,095
2011	373,709	92,568	-	376,247	842,524
2012	368,832	94,684	-	379,345	842,861
2013	373,121	91,609	-	376,568	841,298
2014	-	93,332	-	-	93,332
2015	-	89,833	-	-	89,833
2016	-	91,119	-	-	91,119
2017	-	92,092	-	-	92,092
	<u>\$ 3,372,635</u>	<u>\$ 4,025,536</u>	<u>\$ 2,155,927</u>	<u>\$ 3,336,185</u>	<u>\$12,890,283</u>

CITY OF EDINA, MINNESOTA**ASSESSED VALUATION, TAX LEVIES AND MILL RATES**

(shown by year of tax collectibility)

Exhibit 5

	2001	2002	2003	2004	2005
Assessed valuation/tax capacity	\$99,650,358	\$72,583,694	\$77,665,879	\$83,447,880	\$91,309,672
Increment valuation	(8,559,204)	(6,513,676)	(6,909,331)	(6,949,064)	(7,330,826)
Contribution to fiscal disparities pool	(10,127,351)	(6,893,865)	(7,587,409)	(7,945,664)	(7,635,854)
Received from fiscal disparities pool	2,752,149	1,830,348	1,975,365	2,202,656	2,374,371
Taxable valuation	<u>\$83,715,952</u>	<u>\$61,006,501</u>	<u>\$65,144,504</u>	<u>\$70,755,808</u>	<u>\$78,717,363</u>
Tax levies:					
General Fund	\$14,438,346	\$15,990,256	\$16,171,875	\$16,489,129	\$17,772,350
Public Project Revenue	-	1,000,000	1,026,437	1,028,837	1,058,840
Certificates of Indebtedness	-	-	586,163	604,275	162,200
Total tax levies	<u>\$14,438,346</u>	<u>\$16,990,256</u>	<u>\$17,784,475</u>	<u>\$18,122,241</u>	<u>\$18,993,390</u>
Tax Capacity Rate:					
General Fund	<u>17.233</u>	<u>27.806</u>	<u>27.139</u>	<u>25.565</u>	<u>24.085</u>

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CITY OF EDINA, MINNESOTA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
 Last Two Fiscal Years
 (Unaudited)

Fiscal Year*	General Government	Public Safety	Public Works	Parks	Interest on Long-Term Debt
2003	\$ 5,839,893	\$ 10,784,215	\$ 5,621,291	\$ 4,484,685	\$ 2,760,022
2004	6,934,045	11,063,767	5,834,490	4,248,060	2,399,682

*Government-wide expenses are not available for years prior to 2003

Table 1

Utility		Liquor		Aquatic Center		Golf Course		Community Activity Centers		Total	
\$	8,107,553	\$	8,764,081	\$	711,061	\$	3,555,243	\$	3,833,026	\$	54,461,070
	7,801,580		9,110,888		701,768		3,508,741		3,850,192		55,453,213

CITY OF EDINA, MINNESOTA
GOVERNMENT-WIDE REVENUES
 Last Two Fiscal Years
 (Unaudited)

Table 2

Fiscal Year*	Program Revenues			General Revenues				Total
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes	Tax Increments	Franchise Taxes	Unrestricted Investment Earnings	
2003	\$ 32,908,375	\$ 1,347,776	\$ 7,214,393	\$ 17,815,426	\$ 7,342,270	\$ -	\$ 673,326	\$ 67,301,566
2004	33,299,158	1,293,255	4,192,947	17,865,757	6,761,934	450,956	670,241	64,534,248

*Government-wide revenues are not available for years prior to 2003

CITY OF EDINA, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Table 3

<u>Taxes Payable</u>	<u>Total Tax Levy</u>	<u>Current Tax Collection</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Delinquent Taxes as Percent of Current Levy</u>
1995	\$11,390,898	\$11,198,647	98.31%	\$ (67,047)	\$11,131,600	97.72%	\$ 88,399	0.78%
1996	12,178,440	12,026,177	98.75%	(262,279)	11,763,898	96.60%	36,198	0.30%
1997	12,531,244	12,381,729	98.81%	(244,913)	12,136,816	96.85%	39,107	0.31%
1998	13,099,140	13,003,882	99.27%	48,985	13,052,867	99.65%	54,226	0.41%
1999	13,284,962	13,147,288	98.96%	36,293	13,183,581	99.24%	99,202	0.75%
2000	13,650,158	13,554,044	99.30%	15,355	13,569,399	99.41%	116,362	0.85%
2001	14,438,346	14,331,078	99.26%	25,907	14,356,985	99.44%	121,548	0.84%
2002	16,990,256	16,874,198	99.32%	55,578	16,929,776	99.64%	132,443	0.78%
2003	17,784,475	17,088,979	96.09%	68,657	17,157,636	96.48%	80,841	0.45%
2004	18,122,241	17,386,812	95.94%	(202,429)	17,184,383	94.82%	154,878	0.85%

Source: Hennepin County Taxpayer Services

CITY OF EDINA, MINNESOTA**ASSESSED VALUE OR TAX CAPACITY AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY**

Last Ten Fiscal Years

Table 4

(Unaudited)

Assessment Year	Real Property		Ratio of Total Assessed Value/ Tax Capacity to Total Estimated Market Value
	Assessed Value/ Tax Capacity	Estimated Market Value	
1995	\$ 84,055,819	\$ 3,849,796,600	2.18%
1996	85,775,887	4,071,654,134	2.11%
1997	91,586,990	4,074,713,634	2.25%
1998	87,726,810	4,267,758,501	2.06%
1999	85,963,836	4,535,761,900	1.90%
2000	90,055,752	4,861,730,000	1.85%
2001	72,133,594	5,821,566,500	1.24%
2002	77,665,879	6,328,581,300	1.23%
2003	83,089,465	6,909,476,700	1.20%
2004	90,934,037	8,033,679,900	1.13%

Source: Hennepin County Taxpayer Services

CITY OF EDINA, MINNESOTA
PROPERTY TAX RATES -
ALL OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(Unaudited)

Table 5

Fiscal Year	Tax Rates (Per \$1,000 of Assessed Valuation)				
	City	School	County	Other	Total
1995	15.577	57.975	37.454	6.851	117.857
1996	16.331	62.268	37.270	7.494	123.363
1997	15.626	57.213	35.515	6.659	115.013
1998	16.813	47.499	38.388	7.538	110.238
1999	17.810	50.766	40.994	8.553	118.123
2000	17.669	51.678	39.655	8.426	117.428
2001	17.233	46.839	37.624	8.126	109.822
2002	27.806	18.504	50.409	9.847	106.566
2003	27.139	23.312	50.607	8.993	110.051
2004	25.565	22.670	47.324	8.256	103.815

Source: Hennepin County Taxpayer Services

CITY OF EDINA, MINNESOTA
SPECIAL ASSESSMENT COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Table 6

Year	Total Levy	Collection of Current Year's Levy	Percent of Levy Collected	Delinquent Collections	Total Collections	Percent of Total Collections to Total Levy	Total Outstanding Assessments
1995	\$ 786,480	\$ 779,517	99.11%	\$ 7,508	\$ 787,025	100.07%	\$ 26,223
1996	768,800	764,997	99.51%	16,636	781,633	101.67%	13,389
1997	590,048	576,513	97.71%	9,036	585,549	99.24%	17,889
1998	654,442	635,476	97.10%	3,798	639,274	97.68%	33,057
1999	773,251	753,251	97.41%	14,273	767,524	99.26%	38,784
2000	960,562	930,484	96.87%	5,586	936,070	97.45%	63,275
2001	1,003,856	975,921	97.22%	51,173	1,027,094	102.31%	40,038
2002	974,141	950,417	97.56%	23,756	974,173	100.00%	40,006
2003	978,278	964,440	98.59%	24,439	988,879	101.08%	29,404
2004	900,817	894,713	99.32%	13,019	907,732	100.77%	34,427

CITY OF EDINA, MINNESOTA**RATIO OF NET BONDED DEBT****TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**

Last Ten Fiscal Years

(Unaudited)

Table 7

Fiscal Year	Population (1)	Net Tax Capacity	Gross Bonded Debt (2)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Tax Capacity	Net Bonded Debt Per Capita
1995	46,841	\$ 74,787,000	\$101,775,000	\$ 43,265,984	\$ 58,509,016	78.23%	\$ 1,249
1996	46,845	80,087,160	92,680,000	25,429,215	67,250,785	83.97%	1,436
1997	47,029	77,762,151	94,385,000	17,929,523	76,455,477	98.32%	1,626
1998	47,113	85,259,000	70,260,000	589,371	69,670,629	81.72%	1,479
1999	47,235	77,165,969	73,005,000	4,384,419	68,620,581	88.93%	1,453
2000	47,425	83,715,952	88,175,000	21,251,947	66,923,053	79.94%	1,411
2001	47,465	61,006,501	72,465,000	8,321,645	64,143,355	105.14%	1,351
2002	47,465	65,486,283	70,735,000	3,070,758	67,664,242	103.33%	1,426
2003	47,570	70,755,808	68,740,000	4,053,306	64,686,694	91.42%	1,360
2004	48,156	90,934,037	60,835,000	3,102,028	57,732,972	63.49%	1,199

(1) Population estimates provided from Metropolitan Council which reflect the federal census.

(2) Includes all long-term general obligation and revenue debt.

CITY OF EDINA, MINNESOTA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
INCLUDING DEBT RATIOS
December 31, 2004
(Unaudited)

Table 8

	Bonded Gross Debt Outstanding	Percentage Applicable In City	City Share of Debt
<u>Overlapping Debt:</u>			
Hennepin County	\$ 359,510,000	6.61%	\$ 23,758,117
Hennepin Suburban Park District	44,580,000	8.80%	3,925,002
School Districts:			
ISD No. 273 (Edina)	109,270,000	98.08%	107,175,838
ISD No. 270 (Hopkins)	83,355,000	8.36%	6,967,777
ISD No. 271 (Bloomington)	131,470,000	0.01%	7,582
ISD No. 272 (Eden Prairie)	102,015,000	0.77%	790,543
ISD No. 280 (Richfield)	40,015,000	15.66%	6,264,697
ISD No. 283 (St. Louis Park)	57,230,000	0.01%	8,027
Metro Council	200,015,000	2.97%	5,944,051
Total Overlapping Debt	1,127,460,000		154,841,634
<u>Direct Debt:</u>			
City of Edina	49,650,000	100.00%	49,650,000
Total Overlapping and Direct Debt	<u>\$ 1,177,110,000</u>		<u>\$ 204,491,634</u>
<u>Debt Ratios:</u>			
Ratio of debt per capita (48,156 population)			\$ 4,246
Ratio of debt to estimated market valuation of \$8,033,679,900			2.55%

Source: Hennepin County Taxpayer Services

CITY OF EDINA, MINNESOTA**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES****Table 9**

Last Ten Fiscal Years

(Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Other</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Percent of Debt Service Expenditures To General Expenditures</u>
1995	\$ 2,495,000	\$ 5,378,815	\$ 7,873,815	\$23,630,853	33.32%
1996	1,400,000	4,881,475	6,281,475	23,128,537	27.16%
1997	2,120,000	4,502,948	6,622,948	24,000,082	27.60%
1998	2,224,724	4,099,809	6,324,533	25,390,000	24.91%
1999	3,275,000	3,262,266	6,537,266	25,131,088	26.01%
2000	6,050,000	3,108,601	9,158,601	25,814,880	35.48%
2001	3,740,000	3,148,719	6,888,719	28,382,482	24.27%
2002	5,885,000	3,094,480	8,979,480	30,675,141	29.27%
2003	5,700,000	2,883,377	8,583,377	30,539,932	28.11%
2004	6,450,000	2,478,587	8,928,587	32,799,091	27.22%

Note: This table includes General, Special Revenue and Debt Service Funds.

CITY OF EDINA, MINNESOTA
REVENUE BOND COVERAGE
Last Ten Fiscal Years
(Unaudited)

Table 10

Fiscal Year	Gross Revenue	Direct* Operating expenses	Net revenue available for debt service	Debt service requirements			
				Principal	Interest	Total	Coverage
Utility Bond							
1995	7,591,331	6,766,288	825,043	345,000	78,182	423,182	195
1996	7,753,016	7,007,293	745,723	370,000	52,019	422,019	177
1997	8,110,744	7,526,033	584,711	390,000	40,744	430,744	136
1998	8,108,612	7,226,648	881,964	400,000	22,184	422,184	209
1999	8,502,423	6,713,673	1,788,750	420,000	83,429	503,429	355
2000	8,793,386	7,205,934	1,587,452	335,000	127,525	462,525	343
2001	8,556,810	7,065,589	1,491,221	310,000	116,794	426,794	349
2002	8,561,287	7,399,773	1,161,514	325,000	105,205	430,205	270
2003	9,668,434	7,769,810	1,898,624	335,000	160,691	495,691	383
2004	9,473,355	7,643,129	1,830,226	635,000	158,451	793,451	231
Recreational Facility Bonds							
1995	3,824,627	3,262,948	561,679	-	839,244	839,244	67
1996	4,311,141	3,545,291	765,850	250,000	774,800	1,024,800	75
1997	4,440,202	3,945,975	494,227	295,000	762,411	1,057,411	47
1998	5,042,394	4,270,042	772,352	4,240,000	372,390	4,612,390	17
1999	5,141,606	4,332,932	808,674	430,000	522,050	952,050	85
2000	5,727,930	5,209,610	518,320	450,000	553,962	1,003,962	52
2001	5,430,507	5,231,143	199,364	470,000	531,176	1,001,176	20
2002	5,424,422	5,031,839	392,583	6,780,000	611,509	7,391,509	5
2003	5,866,300	5,511,730	354,570	745,000	265,602	1,010,602	35
2004	5,621,743	5,492,510	129,233	820,000	241,387	1,061,387	12

* Before interest costs.

CITY OF EDINA, MINNESOTA
PROPERTY AND CONSTRUCTION VALUES
Last Ten Fiscal Years
(Unaudited)

Table 11

Year	Commercial construction		Residential construction		Property value *	
	Number of Permits	Value	Number of Permits	Value	Commercial/Industrial	Residential/Apartments
1995	274	\$ 14,349,143	564	\$ 28,064,106	\$ 668,098,800	\$3,181,697,800
1996	279	35,789,432	1,318	31,334,870	745,200,700	3,326,107,834
1997	407	37,074,290	1,780	32,387,315	824,767,100	3,438,309,200
1998	462	38,495,806	1,830	35,625,118	904,869,800	3,623,187,200
1999	323	36,708,942	3,478	27,637,742	980,837,900	3,924,031,400
2000	1,418	66,980,499	4,013	48,278,737	1,069,928,100	4,387,874,100
2001	834	86,608,740	4,973	65,574,279	1,173,397,300	5,056,797,500
2002	757	44,300,120	4,841	69,612,658	1,217,214,600	5,834,821,900
2003	812	50,696,987	4,827	85,287,525	1,202,162,900	6,286,945,800
2004	876	46,251,604	4,943	83,315,920	1,176,787,600	6,856,892,300

* Assessor's estimated market value

CITY OF EDINA, MINNESOTA
PRINCIPAL TAXPAYERS
2004
(Unaudited)

Table 12

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Net Tax Capacity</u>
Southdale	Shopping center	\$ 3,154,408
Galleria	Shopping center	949,864
Southdale Office park	Office building	717,250
Centennial lakes Phase V	Office building	509,625
Centennial Lakes Phase IV	Office building	496,474
7700 France	Office building	450,214
Southdale Medical Building	Office building	428,608
May Department Stores	Retail	343,044
Centennial Lakes Phase III	Office building	301,066
Centennial Lakes Phase II	Office building	301,066

Source: City of Edina Assessing Office

CITY OF EDINA, MINNESOTA
MAJOR EMPLOYERS IN THE CITY
2004
(Unaudited)

Table 13

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Jerry's Enterprises Inc.	Grocery Stores	4,500
Fairview Southdale Hospital	General Medical & Surgical Hospitals	2,500
Marshall Fields	Department Stores	1,200
Edina Public School ISD#273	Elementary & Secondary Schools	1,172
Nash Finch Co.	Grocery Stores	350
International Dairy Queen Inc.	Full-Service Restaurants	300
City of Edina	Local Government	262
J.C. Penney	Department Stores	250
Edina Realty	Real Estate	210
Con Agra Foods	Snack Food Mfg	196

Source: City of Edina "Community Profile", Minnesota Department of Trade and Economic Development, 2004

CITY OF EDINA, MINNESOTA
LABOR FORCE DATA
 Last Two Fiscal Years
 (Unaudited)

Table 14

	December 2004		December 2003	
	Civilian	Unemployment	Civilian	Unemployment
	Labor Force	Rate	Labor Force	Rate
Hennepin County	676,275	3.90%	687,345	4.10%
Mpls.-St. Paul MSA	1,833,558	4.20%	1,825,102	4.70%
State of Minnesota	2,937,260	4.70%	2,912,336	5.30%

Source: Minnesota Workforce Center.

Date of incorporation	December 17, 1888
Form of government	Plan B
Date of adoption of Council-Manager Plan	January 1, 1955
Fiscal year begins	January 1
Area of city	16 square miles
Percent of City developed with buildings	97%
Municipal bond rating	Aaa
Miles of streets	224 miles
Miles of sanitary sewer	186.22 miles
Sewer connections	14,851
Fire protection:	
Number of stations	2
Number of employees (full time)	31
Police Protection:	
Number of stations	1
Number of employees (full time)	67
Park land:	
Present park acres and open space	1,600
Total improved park acres	1,007
Number of parks	40
Private golf courses	2
Public golf courses	3
Municipal water:	
Number of wells	18
Miles of watermain	199
Gallons of storage	7 million
Number of consumers	14,636

Population:	
1930 Census	3,138
1940 Census	5,855
1950 Census	9,744
1960 Census	28,501
1965 Special Census	35,302
1970 Census	44,046
1975 Metro Council estimate	49,736
1980 Census	46,073
1990 Census	46,070
1991 Metro Council estimate	46,070
1992 Metro Council estimate	46,079
1993 Metro Council estimate	46,916
1994 Metro Council estimate	46,984
1995 Metro Council estimate	46,841
1996 Metro Council estimate	46,845
1997 Metro Council estimate	47,029
1998 Metro Council estimate	47,113
1999 Metro Council estimate	47,235
2000 Census	47,425
2001 Metro Council estimate	47,465
2002 Metro Council estimate	47,465
2003 Metro Council estimate	47,570
2004 Metro Council estimate	48,156

CITY OF EDINA, MINNESOTA
SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
Table 16
FOR 50TH & FRANCE-NO. 1200, A TAX INCREMENT FINANCING DISTRICT

(Districts 1200, 1201, 1203 and 1204 are pooled)

December 31, 2004

(Unaudited)

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
Source of funds:					
Bond proceeds	\$ 2,200,000	\$ 5,280,000	\$ 5,251,998	\$ -	\$ 28,002
Tax increments received	-	31,748,489	20,862,239	867,505	10,018,745
Real estate sales *	800,000	170,782	170,782	-	-
State aid	-	418,871	418,871	-	-
Special assessments	-	1,321,096	728,505	-	592,591
Parking permits	-	268,524	268,524	-	-
Community development	-	186,064	186,064	-	-
Interest on invested funds	-	2,000,000	2,611,370	77,970	(689,340)
Other	-	73,881	73,881	-	-
Total sources of funds:	<u>3,000,000</u>	<u>41,467,707</u>	<u>30,572,234</u>	<u>945,475</u>	<u>9,949,998</u>
Uses of funds:					
Land acquisition	-	873,061	873,061	-	-
Installation of public utilities and improvements	3,000,000	7,867,034	7,862,032	-	5,002
Bond payments:					
Principal	-	5,280,000	3,700,000	800,000	780,000
Interest	-	4,738,329	4,107,064	25,200	606,065
Administrative costs	-	1,230,000	1,205,451	750	23,799
Paid to other governments	-	21,000	12,366	1,643	6,991
Work orders	-	16,257	16,257	-	-
Contingencies	-	11,644	11,644	-	-
Interest	-	463,037	463,037	-	-
Miscellaneous	-	62,095	63,010	-	(915)
Transfer	-	10,000,000	10,000,000	-	-
Total uses of funds:	<u>3,000,000</u>	<u>30,562,457</u>	<u>28,313,922</u>	<u>827,593</u>	<u>1,420,942</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ 10,905,250</u>	<u>\$ 2,258,312</u>	<u>\$ 117,882</u>	<u>\$ 8,529,056</u>

	Cost to authority	Price paid by developer
* Real estate sales		
Liquor store site	\$ 128,064	\$ 105,002
Union oil site	134,506	65,780
	<u>\$ 262,570</u>	<u>\$ 170,782</u>

CITY OF EDINA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS

Table 17

FOR SOUTHEAST EDINA REDEVELOPMENT DISTRICT-NO. 1201, A TAX INCREMENT FINANCING DISTRICT

(Districts 1200, 1201, 1203 and 1204 are pooled)

December 31, 2004

(Unaudited)

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
Source of funds:					
Bond proceeds	\$ 6,165,177	\$ 21,470,000	\$ 20,219,852	\$ -	\$ 1,250,148
Tax increments received	-	75,000,000	47,002,439	2,548,311	25,449,250
Real estate sales *	598,005	3,000,000	2,642,115	-	357,885
Loan proceeds	-	1,321,096	-	-	1,321,096
Community development	-	189,221	189,221	-	-
Interest on invested funds	-	3,500,000	2,615,493	36,770	847,737
Other	-	50,000	1,357	-	48,643
Total sources of funds:	<u>6,763,182</u>	<u>104,530,317</u>	<u>72,670,477</u>	<u>2,585,081</u>	<u>29,274,759</u>
Uses of funds:					
Land acquisition	6,682,998	12,200,000	6,894,303	-	5,305,697
Installation of public utilities and improvements	-	16,000,000	14,278,823	-	1,721,177
Site improvements or preparation costs	2,885,484	2,000,000	468,098	-	1,531,902
Bond payments:					
Principal	-	21,470,000	17,535,000	1,525,000	2,410,000
Interest	-	20,100,000	19,601,026	91,325	407,649
Administrative costs	194,700	1,800,000	1,673,988	-	126,012
Paid to other governments	-	110,000	58,217	8,315	43,468
Transfers out	-	17,000,000	8,044,777	3,403,180	5,552,043
Interest reduction	-	1,850,000	-	-	1,850,000
Parkland dedication fees	-	767,852	767,852	-	-
Total uses of funds:	<u>9,763,182</u>	<u>93,297,852</u>	<u>69,322,084</u>	<u>5,027,820</u>	<u>18,947,948</u>
Funds remaining (deficit)	<u>\$ (3,000,000)</u>	<u>\$ 11,232,465</u>	<u>\$ 3,348,393</u>	<u>\$ (2,442,739)</u>	<u>\$ 10,326,811</u>

	Cost to authority	Price paid by developer
* Real estate sales		
Retail site	\$ 8,350	\$ 11,899
Hotel site	192,915	192,915
Elderly site	453,740	346,534
Office site	1,027,277	784,563
Coventry Townhouses	1,318,103	1,318,103
	<u>\$ 3,000,385</u>	<u>\$ 2,654,014</u>

CITY OF EDINA, MINNESOTA
SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
Table 18
FOR GRANDVIEW AREA REDEVELOPMENT DISTRICT-NO. 1202, A TAX INCREMENT FINANCING DISTRICT

December 31, 2004

(Unaudited)

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
Source of funds:					
Bond proceeds	\$ 4,500,000	\$ 9,900,000	\$ 9,475,915	\$ -	\$ 424,085
Tax increments received	-	29,737,107	9,909,990	890,549	18,936,568
Real estate sales *	-	4,700,000	5,402,344	-	(702,344)
Interest on invested funds	-	300,000	844,903	27,860	(572,763)
Other	-	-	59,868	-	(59,868)
Total sources of funds:	<u>4,500,000</u>	<u>44,637,107</u>	<u>25,693,020</u>	<u>918,409</u>	<u>18,025,678</u>
Uses of funds:					
Land acquisition	-	6,500,000	3,634,092	48,489	2,817,419
Installation of public utilities and improvements	4,310,000	17,127,000	9,738,935	-	7,388,065
Bond payments:					
Principal	-	9,900,000	6,047,555	230,000	3,622,445
Interest	-	9,190,000	2,553,631	137,573	6,498,796
Loan/note interest	-	-	1,337,266	454,801	(1,792,067)
Paid to other governments	-	-	190,522	1,476	(191,998)
Administrative costs	190,000	1,920,107	1,287,593	16,419	616,095
Total uses of funds:	<u>4,500,000</u>	<u>44,637,107</u>	<u>24,789,594</u>	<u>888,758</u>	<u>18,958,755</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 903,426</u>	<u>\$ 29,651</u>	<u>\$ (933,077)</u>

	Cost to authority	Price paid by developer
* Real estate sales		
5229 Eden Ave.	\$ 1,822,319	
5220 Eden Circle	995,000	
5244 Eden Circle (condemnation deposit)	309,937	
5201 Eden Circle	555,325	2,070,119
Project area	-	4,005,694
	<u>\$ 3,682,581</u>	<u>\$ 6,075,813</u>

CITY OF EDINA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS

Table 19

FOR SOUTHEAST EDINA REDEVELOPMENT DISTRICT-NO. 1203, A TAX INCREMENT FINANCING DISTRICT

(Districts 1200, 1201, 1203 and 1204 are pooled)

December 31, 2004

(Unaudited)

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
Source of funds:					
Bond proceeds	\$ 41,400,000	\$ 41,400,000	\$ 33,761,677	\$ -	\$ 7,638,323
Tax increments received	80,000,000	90,000,000	24,208,644	2,455,569	63,335,787
Real estate sales *	5,000,000	11,637,070	11,637,070	-	-
Special assessment	-	1,321,096	-	-	1,321,096
Interest on invested funds	-	2,500,000	2,485,937	103,229	(89,166)
Transfer in	-	28,000,000	19,156,001	3,403,180	5,440,819
Sale of material	-	255,710	255,710	-	-
Developer payments	-	297,826	297,826	-	-
Other	-	20,000	21,799	-	(1,799)
Total sources of funds:	<u>126,400,000</u>	<u>175,431,702</u>	<u>91,824,664</u>	<u>5,961,978</u>	<u>77,645,060</u>
Uses of funds:					
Land acquisition	13,900,000	22,981,425	22,981,425	-	-
Installation of public utilities and improvements	26,677,000	25,871,230	16,594,753	-	9,276,477
Bond payments:					
Principal	41,400,000	41,400,000	10,004,724	2,585,000	28,810,276
Interest	38,000,000	38,000,000	30,009,086	1,266,279	6,724,635
Administrative costs	1,140,800	1,600,000	1,265,586	9,637	324,777
Paid to other governments	-	42,000	20,783	2,968	18,249
Loan/note interest	-	14,684,711	2,569,912	487,749	11,627,050
Parkland dedication fees	-	2,030,345	2,030,345	-	-
Total uses of funds:	<u>121,117,800</u>	<u>146,609,711</u>	<u>85,476,614</u>	<u>4,351,633</u>	<u>56,781,464</u>
Funds remaining (deficit)	<u>\$ 5,282,200</u>	<u>\$ 28,821,991</u>	<u>\$ 6,348,050</u>	<u>\$ 1,610,345</u>	<u>\$20,863,596</u>

	Cost to authority	Price paid by developer
* Real estate sales		
Retail and theater site	\$ 3,213,720	\$ 3,213,720
Medical office site	815,092	815,092
Office site	1,107,160	1,107,160
Office building #1	449,300	449,300
Office building #2	1,280,702	1,280,702
Office building #3	1,341,533	1,341,533
Office building #4	1,625,849	1,625,849
Office building #5	1,803,714	1,803,714
	<u>\$ 11,637,070</u>	<u>\$ 11,637,070</u>

CITY OF EDINA, MINNESOTA**SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS****Table 20**

FOR 70TH STREET AND CAHILL ROAD DISTRICT-NO. 1207, A TAX INCREMENT FINANCING DISTRICT

December 31, 2004

(Unaudited)

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
Source of funds:					
Bond proceeds	\$ 1,911,000	\$ 1,911,000	\$ -	\$ -	\$ 1,911,000
Tax increments received	2,177,855	2,177,855	746,863	-	1,430,992
Interest on invested funds	-	-	175,476	11,471	(186,947)
Other	-	-	-	-	-
Total sources of funds:	<u>4,088,855</u>	<u>4,088,855</u>	<u>922,339</u>	<u>11,471</u>	<u>3,155,045</u>
Uses of funds:					
Land acquisition	529,400	529,400	15,790	17,447	496,163
Installation of public utilities and improvements	325,000	325,000	540,279	-	(215,279)
Demolition	150,000	150,000	-	-	150,000
Relocation	160,000	160,000	-	-	160,000
Capitalized interest	150,000	150,000	-	-	150,000
Debt service	2,178,455	2,178,455	-	-	2,178,455
Paid to other governments	-	-	2,730	-	(2,730)
Administrative costs	596,000	596,000	74,830	-	521,170
Total uses of funds:	<u>4,088,855</u>	<u>4,088,855</u>	<u>633,629</u>	<u>17,447</u>	<u>3,437,779</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288,710</u>	<u>\$ (5,976)</u>	<u>\$ (282,734)</u>